PROCEEDINGS

OF THE

MADRAS

Chamber of Commerce.

January—December, 1921.

REPORT

OF THE

PROCEEDINGS

OF THE

MADRAS CHAMBER OF COMMERCE.

January—December, 1921.

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MADRAS.

MADRAS:

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1922.

THE MADRAS CHAMBER OF COMMERCE.

Established 29th September, 1836.

MEMBERS.—31st December, 1921.

Mr. A. W. Acres.
Mr. W. Alexander.
Rao Bahadur
S.R.M.A. Annamalai Chetty.
Mr. A. B. Bradshaw.
Mr. A. F. Buchanan.
Sir William Beardsell.
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Mr. J. F. Simpson.
Mr. B. C. Scott.
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Mr. J. W. Thomson.
Mr. S. D. Truscott.
Mr. W. A. Turner.
Mr. W. J. U. Turnbull.
Mr. F. E. L. Worke.
Mr. K. P. Warmington.
Mr. F. B. Wathen.
Mr. N. C. Whitten.
Mr. H. W. Wilson.
Mr. C. E. Wood.
Mr. G. L. Wood.

HONORARY MEMBERS.—31st December, 1921.

Mr. Moir, T. E., I.C.S.
Major Brock, C. H.
Mr. Woolam, W. D.
Mr. Green, A. M., I.C.S.
Mr. Cotton, C. W. E., I.C.S.

RETIRING COMMITTEE in 1921.

Chairman:
Mr. J. F. Simpson, M.L.C.
Vice-Chairman:
Mr. W. Alexander, M.L.C.
Committee:
Mr. A. F. Buchanan.
Mr. W. Lamb.
Mr. T. M. Ross.
Mr. W. A. Turner.
Mr. F. E. L. Worke.

COMMITTEE for 1922.

Chairman:
Sir James Simpson, M.L.C.
Vice-Chairman:
Mr. W. Alexander, M.L.C.
Committee:
Mr. A. F. Buchanan.
Mr. W. Lamb.
Mr. T. M. Ross.
Mr. W. A. Turner.
Mr. F. E. L. Worke.

Mr. H. E. H. Sladen, *Secretary*.

The Imperial Bank of India, *Treasurers*.

IMPORTS SUB-COMMITTEE for 1922.

Messrs. W. Alexander, H. G. Ogden, and W. A. Turner.

EXPORTS SUB-COMMITTEE for 1922.

Messrs. R. T. Menzies, T. M. Ross, and F. E. L. Worke.

THE SKINS AND HIDES SUB-COMMITTEE for 1922.

Messrs. G. A. Chambers, C. H. Straker, and F. E. L. Worke,

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MEMBERS OF THE

MADRAS CHAMBER OF COMMERCE.

SINCE ITS FORMATION.

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Ainslie, James.
Ainslie, Charles Alexander.
Alexander, W.
Allan, Thomas Henry.
Allardice, D.
Alwar Chetty, A.
Amalric, Jules.
Annamalai Chetty, Rao Bahadur, S. R. M. M. A
Anderson, A. R.
Anderson, G. A.
Anderson, James.
Annan, D.
Arbuthnot, George.
Arbuthnot, Archibald Francis.
Arbuthnot, F. S.
Arbuthnot, George Gough.
Arbuthnot, James Woodgate.
Arbuthnot, John Alves.
Arbuthnot, M. A.
Arbuthnot, Reginald J. H.
Arbuthnot, Sir William, Bart.
Arbuthnot, W. B.
Arbuthnot, Wm. Reirson.
Arbuthnot, Wm. Urquhart.
Arbuthnot, William.
Armstrong, J. C.
Armstrong, R. L. W.
Arthur, S. A.
Ashton, T.
Aspinwall, John Hutchinson.
Atkins, Frederick Thomas.
Badsha Sahib, Hajee M. A. H.
Bain, J.
Bainbridge, Joseph.
Balfour, Mackintosh.
Barber, Sir Fairless.
Barrow, Joseph.
Barambeg, Nathaniel.
Bayol, Maurice.
Beardsell, Sir William.
Beeston, P. E.
Bell, Richard Barnes.
Berry, John Henry
Best, Andrew Van Dunlop.
Bethuen, James Lindsay.

MESSRS.

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Bice, A. E.
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Biggs, A. A.
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Binny, William Scott.
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Black, John.
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Carron, W.
Cartwright, Francis.
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Chambers, George Lawson.
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Crake, William Parry.
Cranswick, C. J.
Crombie, David Alex. John.
Cross, W. A.
Croysdale, Thomas.
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Cunliffe, J. B.
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Davidson, John Henry.
Davies, H.
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Deane, George William.
Deane, Barry O'Meara.
De Closets, Henri.
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De Souza, Frank.
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Drew, W.
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Dymes, Thomas Jameson.
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Fraser, Sir Hugh.
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Guichard, Charles.
Guigne, Albert de.
Guyot, Honore.
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Harvey, J. Craig.
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Hicks, Hastings.
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Hird, R. L.
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Hood, H. H.
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Hunter, Robert.
Hunter, Sir Bernard.
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Jackson, George.
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Jaffer Mahomed Sait.
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Jones, John.

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Kerr Greig, J.
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Kyd, John.
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Langley, Edward.
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Lecot, Edmond.
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Levick, C. F.
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Line, John.
Loch, John Charles.
Logan, R. M.
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Lynn, V. G.
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Mitchell, H. H. G.
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Ouchterlony, James.
Padday, H. L.
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Parthasarathy Naidoo, C.
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Pater, George Frederick.
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Paul, A. S. S.

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Pugh, Joseph.
Pugh, John.
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Reid, M. F.
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Rich, E. R.
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Robinson, Palph A.
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Ruttanjee, Muncherjee.
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St. Martin, Gustave F.
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Salis, John Henry de.
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Scott, Henry.
Scott, H.

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Scott, William.
Scott, W. C.
Seth Sam, V.
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Seth Sam, E.
Shand, T. Livingstone R.
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Shaw, William Sissmore.
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Sim, William.
Simon, F. T.
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Simpson, Sir Clement.
Simson, R. S. F.
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Slater, C.
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Smith, William John.
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Sowden, Charles.
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Spencer, H. M.
Steiner, E.
Steiner, Otto.
Stevens, Peter.
Steven, James.
Stokes, L. E.
Stoney, E. W.
Strachan, James.
Straker, C. H.
Stranack, E. F.
Stranack, F. D.
Strange, A. B.
Strange, Lumisden.
Strouts, R. C. M.
Stuart, D. A.
Symonds, A. P.
Tawse, John.
Taylor, J. L.
Taylor, J. W. R.
Taylor, Thomas Arthur.
Taylor, William T.
Teroocawmy, C.
Thevdor Simon.
Thomas, G. A.

MESSRS.

Thomas, J. C.
Thompson, H. J.
Thompson, James.
Thompson, S. J.
Thomson, J. W.
Thornton, F. H.
Thummler, G.
Todd, R.
Tod, W. H.
Tolputt, Henry.
Trail, E.
Trevithick, F. H.
Truscott, S. D.
Tsolakidi, S. C.
Tulloch, J. G.
Turnbull, Stewart Robertson.
Turnbull, W. J. U.
Turner, W. A.
Ure, W.
Vans Agnew, John.
Vans Agnew, Charles E. P.
Vecchj, Achille P. de.
Veerapermall Pillay, P.
Waddell, W.
Waddington, H.
Walker, G. K.
Walker, James Liddell.
Walker, Robt. Chillingworth.
Walker, R. F.

MESSRS.

Walker, William.
Warmington, K. P.
Wathen, F. B.
Weak, T.
Wellington, George.
Wellman, A. H.
West, H. C.
Westropp, A. S. A.
Whitson, J.
Whitten, N. C.
Williams, Edward.
Wilson, H. W.
Wilson, T.
Wigram, W. A.
Wolf, E.
Wood, C. E.
Wood, G. L.
Wood, R. C.
Woollam, W. D.
Worke, F. E. L.
Wright, W. B.
Wright, W. O.
Wyatt, S. L.
Yeats, F. H.
Yorke, A. J.
Young, John.
Young, J. M.
Young, R. D.

CHAIRMEN.

1836	Mr. John Alves Arbuthnot.
1837	Mr. John Alves Arbuthnot. Mr. John William Dare.
1838	Mr. John William Dare. Mr. William Scott Binny.
1839	Mr. William Scott Binny. Mr. John Line.
1840	Mr. John Line. Mr. James Scott.
1841	Mr. James Scott.
1842	Mr. James Scott. Mr. John Utley Ellis.
1843	Mr. John Utley Ellis. Mr. J. Ouchterlony.
1844	Mr. J. Ouchterlony.
1845	Mr. J. Ouchterlony. Mr. James Thompson.
1846	Mr. James Thompson. Mr. John Binny Key.
1847	Mr. John Binny Key. Mr. George Arbuthnot.
1848	Mr. George Arbuthnot.
1849	Mr. Henry Nelson.
1850	Mr. William McTaggart. Mr. William Urquhart Arbuthnot.
1851	Mr. J. Ouchterlony.
1852	Mr. Joseph Goolden.
1853	Mr. James Scott. Mr. J. Ouchterlony.
1854	Mr. James Scott. Mr. Robert Orr Campbell.
1855	Mr. Robert Orr Campbell.
1856	Mr. J. Ouchterlony. Mr. John Binny Key.
1857	Mr. William Hamilton Crake.
1858	Mr. John Vans Agnew.
1859-60	Mr. Henry Nelson.
1861	Mr. Alfred John Byard. Mr. William Reirson Arbuthnot.
1862	Mr. William Hamilton Crake. Mr. Robert Orr Campbell.
1863	Mr. William Hamilton Crake.
1864	Mr. Alfred John Byard. Mr. Henry Tolputt.
1865	Mr. Henry Tolputt. Mr. John Young.
1866-67	Mr. Alexander Forrester Brown.

1868	Mr. Alexander Forrester Brown. Mr. William Reirson Arbuthnot.
1869	Mr. Alfred John Byard. Mr. John Charles Loch.
1870-71	Mr. Patrick Macfadyen.
1872	Mr. Robert Chillingworth Walker.
1873	Mr. Alexander Forrester Brown.
1874	Mr. Patrick Macfadyen.
1875	Mr. Clement Simpson.
1876	Mr. Patrick Macfadyen.
1877	Mr. Patrick Macfadyen. Mr. John Jones.
1878	Mr. Alexander Mackenzie.
1879	Mr. Alexander Mackenzie. Mr. Patrick Macfadyen.
1880	Mr. Patrick Macfadyen.
1881-82	Mr. Clement Simpson.
1883-84	Mr. James Charles Shaw.
1885	Mr. John Alexander Boyson.
1886	Mr. George Gough Arbuthnot.
1887	Mr. S. R. Turnbull.
1888	Mr. S. R. Turnbull. Mr. D. Rasbotham.
1889-90	Mr. J. A. Boyson.
1891-92	Mr. S. R. Turnbull.
1893-94	Mr. J. A Boyson.
1895	Mr. G. G. Arbuthnot. Mr. G. L. Chambers.
1896	Mr. G. L. Chambers.
1897	Mr. G. G. Arbuthnot.
1898	Mr. G. G. Arbuthnot. Mr. S. R. Turnbull.
1899	Mr. C. E. P. Vans Agnew.
1900	Mr. G. G. Arbuthnot.
1901-02	Mr. A. J. Yorke.
1903	Mr. G. Arbuthnot. Mr. H. Scott.
1904	Sir George Arbuthnot.
1905	Mr. A. J. Yorke.
1906-07	Mr. V. G. Lynn.
1908	Mr. A. J. Yorke.
1909	Mr. V. G. Lynn.
1910-11	Sir Hugh Fraser.
1912	Mr. A. D. Jackson.
1913	Sir Bernard Hunter.
1914	Sir Hugh Fraser.
1915-19	Sir Gordon Fraser.
1920-22	Sir James Simpson.

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ANNUAL MEETING.

The Minutes of Proceedings at the Annual Meeting of the Chamber held on Tuesday, the 20th December, 1921. His Excellency the Governor, accompanied by Major McKenzie and the Hon'ble Mr. K. Venkata Reddi Naidu, Minister for Development, attended the meeting. The following members were present :—

Messrs. J. F. Simpson, W. Alexander, A. F. Buchanan, T. M. Ross, W. Lamb, W. A. Turner, F. E. L. Worke, A. W. Acres, the Hon'ble Rao Bahadur S. R. M. A. Annamalai Chetty, Messrs. A B. Bradshaw, G. A. Chambers, G. W. Chambers, H. N. Collyer, Sir Gordon Fraser, Messrs. H. D. Harris, R. L. Hird, A. J. Leech, S. C. Lyttelton, Lt.-Col. C. L Magniac, Messrs. R. T. Menzies, A J. Powell, B. C. Scott, C. H. Straker, L. E. Stokes, J. W. Thomson, W. J. U. Turnbull, F. B. Wathen, K. P. Warmington, C. E. Wood, C. W. E. Cotton, C.I.E., I.C.S., A. M. Green, I.C.S., A. M. McDougall, T. E. Moir, C.I.E., I.C.S., and W. D. Woollam ; also by invitation Messrs. A. Muirhead (S. I. Ry.), John Izat (Special Officer to investigate Railway requirements in Southern India), C. H. Malan (Postmaster-General), A. E. Lawson, C.I.E., J. S. Hartman (representing the South Coromandel Chamber of Commerce), and Mr. H. E. H. Sladen (Secretary).

OFFICE-BEARERS FOR 1922.

The following were elected as Office-Bearers for 1922 :

Chairman.—Mr. J. F. Simpson.

Vice-Chairman.—Mr. W. Alexander.

Committee.—Messrs. A. F. Buchanan ; W. Lamb ; T. M. Ross ; W. A. Turner ; F. E. L. Worke.

Imports Sub-Committee.—Messrs. W. Alexander ; H. G. Ogden ; W. A. Turner.

Exports Sub-Committee.—Messrs. R. T. Menzies ; T. M. Ross ; F. E. L. Worke.

Skins and Hides Sub-Committee.—Messrs. G. A. Chambers ; C. H. Straker ; F. E. L. Worke.

CHAIRMAN'S ADDRESS.

In opening the proceedings Mr. J. F. Simpson, in a few well-chosen words welcomed His Excellency Lord Willingdon, the Hon'ble Minister for Development, and other chief members of the Chamber who had graced the meeting with their presence.

My next duty is to declare the

RESULT OF THE ELECTION OF OFFICE-BEARERS

held yesterday. As the result has been printed and placed in your hands it is unnecessary for me to read it. You have simply returned us *en bloc;* on behalf of the Committee and myself I have to thank the Chamber very much for the compliment and assure you that we shall endeavour to continue to merit this signal mark of your confidence.

The Chamber is very much obliged to Mr. Collyer and Mr. Turnbull who acted as scrutineers.

Gentlemen,—I have the honour to move the adoption of the Report of the Chamber for the past year. Before dealing with the summary before you let me make just one remark about our own domestic affairs. You know that our policy is to have more or less an assured income keeping a little ahead of our expenditure. Last year we finished with a credit balance of Rs. 3,185. This year our credit balance is Rs. 2,300 and we have invested Rs. 6,000. Our finances therefore are in quite a satisfactory state.

I would like to explain that on this occasion the Committee decided to make a departure from recent practice at our Annual Meetings. Instead of several speeches on the different branches of Exports, Imports, Exchange and so forth it was thought better that there should be only one speech from the Chair, briefly seconded, and thereafter addresses from His Excellency and the Minister for Development.

REVIEW OF TRADE.

I daresay we shall all welcome this arrangement, for the past year has not been one that lends itself to glowing market reports by the experts. On the contrary, when one takes stock of the year, the retrospect is so far from being alluring that it becomes almost dispiriting. If I were to enter upon a review of trade since our last Annual Meeting I could only say it has not been good. In fact, during recent months it has been, and it is at the moment, very bad. There is no doubt about it. We are passing through an acute trade depression.

A year ago I referred to the collapse in Exchange saddling the market with very dear stocks of Imports and suggested

that consideration would undoubtedly have to be shown in liquidation of these. From our published report you would notice that our Vice-Chairman took the same point when he said" the market has to absorb a large quantity of very costly goods, and it is to be hoped that everybody engaged in this painful process, will receive the greatest consideration from the Bankers and the import houses who finance and direct the trade."

I am happy to record to-day that this consideration has been shown, and I believe it will continue to be shown until the various markets have got back more or less to normal conditions. All these dear stocks have by no means been liquidated and I am afraid there is a good deal of simply postponing the evil day of settlement. On the whole, however, I am fairly confident that having come so far without very serious consequences, the Madras bazaars generally will win through without anything alarmingly untoward happening.

And yet, Gentlemen, we all know that 1921 has not been without its promise of bright spots. Unfortunately they did not come to anything. About three months ago Exchange went up to nearly 1s. 6d. and this synchronised both with a fillip in Imports and a promise of a distinct improvement in Exports. The collapse in the German Mark put an end to the latter, and although to-day we have Exchange down to 1*s*. 3⅞*d*. against 1*s*. 5*d*. last December Exports are not being benefited much.

I am not going to say anything about the horrible difficulties on account of a still fluctuating Exchange market. Well, Gentlemen, if I cannot say much of brightness in a retrospect of 1921 I am not going to attempt anything of a forecast for 1922.

There has been a good monsoon all over India and commercial crops for Export are said to be abundant. We only want British and Continental and other markets, assisted by the present low Exchange, to take our Exports, when we may see more doing in Imports.

Naturally I am an optimist. I am not one of those who wears a belt in addition to his braces. That is the definition of a pessimist some of us heard recently! If things are bad, it is some comfort to know they have not been worse. The darkest hour precedes the dawn, and while I am not now prophesying the dawn, I daresay most of us would say that signs and portents point to the beginning of better times. The Washington Conference has done much to make for international concord and the first fruits are evidenced in the recent improvement in the currencies and markets of the world. Things seem to be swaying in the balance and my belief is that very little would influence the current in the direction of a genuine trade revival.

UNIVERSITY OF CHICAGO

PROVINCIAL CONTRIBUTIONS

Coming now to the summary before us the only matter I wish to touch upon is that of Provincial Contributions. If there is one subject this Chamber, in common with every public body in the Presidency has been united upon it is this. And if there is one subject, (I except Kernels!) which Sir Gordon Fraser kept prominently before us it is this. I have done my best to carry on Sir Gordon's tradition. Recently we had an opportunity of returning to the attack when the Government of India made an exemption in favour of Bengal and not of Madras. This is adding insult to injury.

We have the Head of the Madras Government here to-night, so I shall say no more on the question save to add that if there is anything more this Chamber, or any public body in the Presidency can do, His Excellency has only to command us.

There is one matter not dealt with in the Report, as it will more properly come in next year, but to which I think I ought to refer. It is perhaps the most important question the Government of India have ever referred to Chambers of Commerce, or the country generally. I refer to.

THE INDIAN FISCAL COMMISSION

Your Committee has drawn up answers to the two main parts of the Questionnaire issued by that body. These answers have been carefully considered by the Chamber and save for one question only, out of 42 questions and that by one member only, the answers have been approved by the Chamber. Such a remarkable degree of unanimity upon such an involved and difficult problem is surely something noteworthy. Briefly stated the Chamber favours a policy of Free Trade. But for the purpose of developing such industries as it is reasonable to expect that India could make a success of, the Chamber has no objection to the imposition of temporary protective duties on some imported articles. Industries already made a success of, the Chamber would not protect. We have no objections to Import Duties for the purpose of obtaining revenue, nor to Export Duties for the same purpose. But Export Duties must be very cautiously imposed.

As for Imperial Preference, on general grounds the Chamber is favourable to the idea, but is for the effect upon every article carefully weighed in all its bearings, and not simply an including of everything in a general tariff of Preference. The Chamber hardly thinks India would be justified in risking any appreciable economic loss for the sake of Imperial Preference. It may be said that our answers show an undue fear of Protection. I can only reply that the Chamber cannot imagine a

policy of Protection increasing the Foreign Trade of India or improving India's commercial position and prospects generally.

That briefly is the Chamber's view to be placed before the Indian Fiscal Commission when it visits Madras next month.

While on this subject may I add just one word? I shall not discuss the disparity between 11 per cent. Import Duty on Imported Piece-goods and 3½ per cent. Excise Duty on Indian Mill Goods. I can only point to the lakhs and crores of profits being made by Indian Mills, and suggest to the Indian Finance Minister what a hen roost to rob!

LABOUR UNREST

A year ago I spoke at some length on the subject of labour unrest. I stand by every word I then said, and I shall only repeat myself to affirm once more that the so-called leaders of the so-called organised labour in Madras and India generally continue to misdirect and mislead labour. Madras has had more than its share of labour troubles during the past year with very regrettable and lamentable results. If we have learned that work means wealth and strikes mean misery we will have gained something for the future.

To me one fact has come very clearly out of recent labour disputes in Madras and it is this. That with the best will and intention in the world even Government and public bodies like the Corporation, let alone private individuals, are powerless to influence settlement of disputes that are not real labour disputes, but have behind them political and often sinister influences.

Just one reference to the methods of labour leaders which do the real cause of labour infinite harm.

In the report of the Trade Congress held in Jharia early this month I noticed a Resolution was passed "condemning the Madras Government for recruiting black-leg labour for the benefit of the Buckingham and Carnatic Mills." That statement is a malicious and a deliberate falsehood, and must have been known to be such to the framers of the Resolution. I was very glad to notice, a few days ago, that the Madras Publicity Bureau nailed the lie to the counter. On the 12th October last speaking in the Madras Legislative Council, the Hon'ble Member in charge of the Labour Department said: "I rise emphatically to repudiate the allegation or suggestion that the Labour Department has been recruiting labour for the mills." That was in October, yet the slander is repeated in December. Such methods bear their own condemnation and do positive injury to a good cause. The best friends of labour in India at the present moment are the various Provincial Governments and the Government of India. No indifference is being shown

to the welfare of labour, rather, there is a spate of legislative proposals and perhaps some danger of Government moving too fast for present conditions. Be that as it may the proposals for Trades' Union legislation, and Workmen's Compensation, to mention only two, are sure to receive a sympathetic welcome from all who have the interests of labour at heart.

From labour unrest it is but a short step to

NON-CO-OPERATION

I will not permit myself any lengthy reference to political movements, but we cannot disregard them now-a-days. They force themselves upon us, and whether we will or not we must take our stand against movements which interfere with business. In the South here there has not been so much trouble as elsewhere in India. It is highly gratifying to traders in this Presidency that Madras threw cold water on the burning and boycott of foreign cloth, and that Mr. Gandhi's last visit here was a dismal failure.

You will notice from the Report that at the instance of the Cocanada Chamber of Commerce we addressed the Madras Government pointing out that the non-co-operation movement was interfering with business in various centres. While having no desire to meddle with general politics, we are bound to take notice of political movements or political propaganda which make for interference with or restriction to trade. The boycott of foreign cloth, and picketing of shops conducted by the non-co-operation political party is an undoubted interference with the liberty of the subject and the freedom of trade. We cannot too strongly impress upon Government the necessity of action being taken to protect traders and trade from the evil effects of such propaganda. It is with a sigh of relief therefore that the traders of India welcomed the recent action of the Government of India. It is satisfactory that at long last something is being done and is to continue to be done to combat and put an end to this evil propaganda. I say it is satisfactory that Government have at last announced their intention to govern. There is no room for and there is no time for non-co-operation in business. It is more than regrettable that many traders have been weak-kneed and allowed themselves to be influenced against their better judgement to take part in silly hartals. It is to be hoped that such traders will now be strengthened and that their motto will always be "business as usual."

Gentlemen, will you allow me a closing remark on the subject of the

REFORMED COUNCILS

Doubtless you have noticed a chorus of praise in the public press on the way the Legislative Councils in the various Pro-

vinces of India have settled down to their task. Speaking as one of your representatives on the Madras Legislative Council I can bear testimony to the fact that this praise, so far as Madras is concerned, is well deserved. Our Council has taken to the work like a duck to water. It likes its job, it knows its job and is doing it uncommonly well. I have heard good humoured hints as to a "talking shop"! But what large public assembly does not tend to the danger of over much talking? Occasionally perhaps I may have been somewhat depressed by an impression that there is in some quarters a slight under-current, I won't say of antagonism to but of a desire to score against the British.

But I shall not weary you by any impressions, or depressions, I may have got during the first year of the new Councils.

This Chamber was by no means in favour of the Reforms Scheme, but now that it is the law of the land, it is up to us to work it, and to work it loyally and that we are doing. We do not believe in any passive resistance or non-co-operation nonsense. Fears have been expressed that British officials and non-officials might not give the Reforms a fair chance. Such fears are groundless. That is not the British way. We play the game. I can think of no official, worth his salt who would chuck India because of the Reforms. I can conceive of no business man removing one pie of capital from India because of the Reforms. No section of the community will work the Reforms more loyally than the British. To do aught else would be wrong and whatever the British have done in India, we have always tried to do that which is right.

MR. W. ALEXANDER.

In seconding the adoption of the Report, said that he had great pleasure in rising to second the adoption of the Report. The Chairman had dealt very ably with the principal subjects before the Chamber during the year under review and there was very little for him to add. He would just like to emphasise what had been said about the Government and non-co-operation. We had looked on for some months past and said nothing knowing full well there were many points of view to be considered beside the mercantile one. The action now taken has the full approval and backing up of the Chamber. We hope Government will hold to it firmly and strongly as we are convinced it is the only method to terminate an intolerable state of affairs and restore that confidence without which all effort in the mercantile world is quite ineffective.

The Chairman, in introducing His Excellency, spoke as follows:—

Gentlemen,—It is unnecessary to introduce His Excellency the Governor. Although this is his first visit to our Chamber, we all know him, and the more one sees and knows His Excellency

the more one likes him. We are particularly glad to have him here to-night, because it affords an opportunity to this Chamber in these rather troubled times to assure His Excellency of our warm regard. Perhaps His Excellency may be feeling these days that like that of the policeman, the lot of an Indian Governor is not a happy one. But while it need not necessarily be unhappy it is certainly full of difficulties and trials and troubles.

The Head of the Madras Government has had more than his share of disappointments and difficulties not to mention such a very serious thing as the Moplah Rebellion. I hope it may afford His Excellency some encouragement to know that this representative body of his fellow countrymen and the larger interests they stand for outside are always behind him in the cares of his great office.

Some days ago when His Excellency accepted our invitation to address us, he jocularly asked me, what he could say to business men. I replied that he could say anything he liked. I told him that I had heard Lord Chelmsford as Viceroy, tell the first Conference of the Associated Chambers how to bring their goods to market. It is never too late to mend, nor too late to learn and we are far from believing that a Viceroy or even a Governor, cannot give us wrinkles in business. If His Excellency can tell us how to sell piece-goods in a rotten market, or to get other countries to take our Exports, or to fill steamers when there is no cargo, not only will we be delighted, but I shall promise him a good commission.

H. E. THE GOVERNOR'S SPEECH

Mr. Chairman and Gentlemen,—When first I accepted the invitation of your Chairman to attend the Annual Meeting of your Chamber, I felt that I had received a great compliment at being asked to be present on this occasion. But my second thoughts and the bewildering variety of interests and problems referred to in the summary of your proceedings have caused me to feel the deepest anxiety as to what I should say to you this afternoon. I may be a man of affairs, but I am certainly not a man of business, and I am, I believe, expected to talk business to business men. This seems to me very much like carrying coals to Newcastle, and my coals will, I fear, be of a very indifferent quality. Fortunately I have my colleague here, the Minister for Development, whose department includes the care of many business affairs, and I can safely leave with him any detailed remarks on industry and commerce. But, as one who for some years has taken a keen interest in the commercial and industrial development of this country, and who believes that through that development we shall reduce the unrest and unsettlement that now exists, by opening up much wider opportunities to young Indians to take up careers in other

branches of professional life besides Government service and the bar, I am glad to have this opportunity of giving you a layman's views after 2½ years life amongst you, of the possibilities and potentialities for industrial and commercial progress which exist in this Presidency at the present time.

It may be a rash statement but with some knowledge of other parts of India I venture to say that no Province has greater natural advantages for industrial progress than the Province of Madras; my only and constant surprise has been that those natural advantages have not been more fully developed before now. Let me give you very shortly my reasons for that statement. Apart from that great engineering feat, the Madras Harbour, we have in this Presidency three fine natural harbours, Cochin, Tuticorin and Vizagapatam, the possibility of the development of each of which has been under discussion for many long years, and which, if developed, would help forward greatly the commercial and industrial progress of our province. I am glad to be able to say that on the west, at Cochin, the Governments of Travancore and Cochin, who recognise the importance of this harbour to their States have readily joined our Government in undertaking the preliminary work in regard to its development, and we hope that before long we may combine to undertake the necessary work to make it a principal harbour in the west. We are also contemplating cutting a canal through thePamban island as a preliminary to the development of a harbour in the south; and I am glad to say that the harbour of Vizagapatam will be taken over by the Government of India as a major port and will, I trust, be fully developed in the near future. When these schemes are completed we shall at last be adequately equipped to deal with our own seaborne trade and to meet the requirements of the adjoining States whose interests are linked up with ours.

If we turn to the raw material we can produce for industrial purposes I can claim that we are singularly well placed. Apart from our hides and skins which played such an important part in the war, we can, owing to climatic conditions, grow in this Presidency cocoanuts, all sorts of spices, cotton of the best quality that India produces, sugar-cane, oil seeds, and much other produce, such as tea, coffee and rubber, all of which are in universal demand or necessary material for starting industrial projects. There are, it is true, already in existence several factories in this Presidency which have proved very profitable concerns, but I feel that for the good of this country there is room for many more and that we should aim at manufacturing our own raw material into the finished article rather than export so much of our raw material to be made up into the finished article elsewhere. I need merely add that the present number of those employed in factory industries barely exceeds a lakh out of a population of over 40,000,000 to emphasise how great these possibilities are.

Take our forests. I think it is true to say that we have vast forests in many parts of our Presidency, some of which, have never been surveyed, full of valuable timber, which, if developed would add much to the financial prosperity of our Province.

But you may say that this glowing picture is all very pretty, but we can do little without the power to run these numbers of industrial concerns which I have in view. I can but reply that I fully realise the difficulty in obtaining coal for these purposes, but that if the prospecting that is going on in our own Province is satisfactory, and if the Talcher coalfield develops well, these two facts will make an enormous difference to the possibilities of our development; let me add that we have for many years had schemes ready for the supply of power by hydro-electric means which, if undertaken, would have done much to assist in our advance, but in regard to the development of which up till now there seems to have been some lack of enterprise. I am glad, however, to say we now seem to be making a start.

Now what are the main factors that make for success in the commercial progress of any country? There are many, but I will give you a few of what seem to me the most important:

1. Financial stability.

2. Enterprise.

3. Means of communication.

4. Confidence.

Let me endeavour to say a few words on each of these factors.

When I begin to talk of finance I remember what I said at the beginning of my remarks with regard to the quality of the coal I was carrying here and I approach the matter with much diffidence. Financial stability is largely a question of stability of exchange, and the importance of that question has been emphasised both in your annual report and in the speech of your Chairman. Now I do not intend to make any prophecy as to the future of exchange or to attempt to instruct an assembly of bankers and business men as to the factors by which its variations are determined or how these variations can be anticipated. If any one did possess full and accurate information on these points he would surely be tempted to keep it to himself for his own advantage. But if I may make one deduction from experience, it is that the vital question is not so much whether the rupee should be at 1-4 or 1-6 or 2 as that it should find a resting place at some fixed point and no longer follow an erratic and incalculable course, which is as embarrassing to Government as it is to private enterprise. That business men should be forced to propose as is evidenced by your

report, still further restrictions on normal trade in order to cope with its eccentricities, to forbid the import of one article to restrict the export of another, sufficiently indicates how intolerable the position has been. Your Chamber has and rightly, I think, turned such proposals down; it is not by such interference with trade that stability can be restored. But whether it be at 1-4 or 2 or any other figure, what is required is a reasonable degree of certainty, and given that I feel sure that all interests, whether concerned with imports or exports, with raw material or manufactured article, will rapidly adapt themselves to the new ratio and be well quit of the fantastic gamble to which their affairs have been reduced since the war came to an end. Every country in the world suffers from this same uncertainty which had made it difficult indeed to secure anywhere much progress in commerce and industry. I sincerely trust that the great minds which are engaged on the problem may before long evolve some schemes which will secure greater financial stability and enable the great countries of the world to return to normal trading conditions.

I next come to enterprise, and here I include enterprise on the part of the Government and enterprise on the part of private individuals and companies. With regard to the former I must honestly confess that there seems to me to have been some lack of enterprise in this Province on the part of the Government in the past, but I think this has been mainly due to the fact that it used always to be considered necessary to keep a large balance in hand with the result that at each financial settlement the Government of India showed a very practical and keen appreciation of this careful administration in regard to finance. The consequence was that it was really impossible to secure much progress under the various departmental heads for most of the revenue went on the payment of regular charges and there was little left for development. When I came out to Madras I found every department crying out for money expansion, and when the Meston Committee came down to us we endeavoured, without success, to impress on their minds that, although we were getting a considerably larger income under the reforms, the departments had been starved in the past and the necessity for further expenditure was so urgent that we could spend that amount and more if we were to expand our resources satisfactorily. Further that larger income which is expressed in rupees does not represent an increase in real income. The value of the rupee has fallen and Government have to pay much more for all it supplies. The cost of all works of construction has largely increased with the rise in prices, and as has been the case with private employers the Government have been compelled to increase the salaries of its servants. But our efforts were of no avail and as you are all aware we have been made to pay out of our revenues to the Government of India a deficit of 3½

crores, one-third of the total amount required, and though we have strongly protested against the unfairness of the position, we have hitherto received no redress.

It may be of interest to you, gentlemen, to know what will broadly be our financial situation when the budget comes up for discussion in the Legislative Council. After eliminating the contribution of $3\frac{1}{2}$ crores, from both sides of the account, we shall have a revenue of 12 crores and after making economies to the amount of about 70 lakhs our expenditure will be $13\frac{1}{2}$ crores, leaving a deficit of $1\frac{1}{2}$ crores for which we must provide funds. We are requesting the Government of India to give us back at least that amount of our $3\frac{1}{2}$ crores; if they refuse it is inevitable that further taxation must be imposed or the burden of our indebtedness increased. We are indebted to the Madras Chamber of Commerce and other similar bodies for the support they have consistently given us in this matter, and I sincerely trust that we shall yet attain a satisfactory settlement of this vexed question.

With regard to private enterprise, it must be admitted that since I have had charge of the administration here, general conditions have been such that there has been little chance of industrial development. There have been, it is true, a certain number of efforts made, one in particular, I remember which for a few months bore my name, but which had to go into liquidation owing, as I understand it, mainly to the enormously increased price of machinery at the time, but which I am glad to know died a very honourable death owing to very intelligent efforts on the part of its promoters in the matter of exchange.

But I trust that general conditions may become normal again before long and that we shall find individuals and companies showing much enterprise, and enterprise connotes the taking of certain necessary risks, in order to start further industrial concerns which will give profit to themselves and conduce to the benefit and prosperity of this country.

With regard to means of communication, and this factor is of the utmost importance in all industrial development, I can speak with some personal experience of railways, for I served for some years on the Board of Railways at home. I will only say that from all I have seen of our railways in this Presidency, it is clear that we have been starved and neglected in the past, and that practically all the main development on this head has been from Bombay and Calcutta to the North and little attention has been paid to the South. We have been fortunate in having received a visit lately from a member of the Railway Board, an occurrence which has been so rare in Madras that we have great hopes that something may come of it. Mr. Bell

listened with great patience to some very direct observations which were made to him on the condition of our railways, by various bodies, including your own, and we are thankful to feel that, as a result of our talks, Mr. Izat has been sent down to consider the present position and recommend the steps necessary for the future. Sir Charles Todhunter and I with other officers of Government have only yesterday had a discussion with him, Mr. Muirhead and Mr. Scott, and we trust that as a result of that discussion we may see a practical move forward made in the general development of that railway. But this much is certain that it is not a bit of use to develop our harbours and industries unless we have a well-equipped railway system to convey our goods without continual break of bulk to our harbours for export or to all other parts of India for internal trade.

And last but by no means the least is the necessity for confidence on the part of any company or syndicate which wishes to start any industrial or commercial enterprise, confidence that the administration of the country is such that the money they invest in that enterprise is safe and secure. It is true that this country is passing through a bad period of unrest and unsettlement, but I am quite confident that the good sense of the great majority of the Indian nation will ultimately prevail and peaceful progress and increasing prosperity will be assured to us again before long. And it is my profound hope that when that time comes, we may find many companies starting in this Presidency with British and Indian capital, with joint boards of directors, in a word with our two races working hand in hand to secure our industrial progress with profit to themselves and giving remunerative work to many thousands of our people.

In this connexion I would refer but briefly to the question of industrial disputes. We, in Madras, are, I hope, entering on a period of industrial quiet and progress and I also hope that organised labour will no longer permit those sinister influences to which your Chairman has referred, to lead it astray. But legitimate differences and conflicts of opinion are bound to arise, and my Government is anxious to promote legislation and is in communication with the Government of India for this purpose with a view to provide machinery for the settlement of disputes and to make it possible for labour to adopt recognised and constitutional methods of organisation which will enable it effectively to use that machinery and also to give legitimate expression to its collective views of representations.

It is my hope that the present Government of Madras has your confidence and support in its administrative actions at the present time; let me add that while the purpose of my life here has been and will be to assist the Indian people to

the attainment of responsible Government in the future, I and my Government are determined to see that constitutional authority, that law and order are fully maintained. (Loud applause.) It is our responsibility to see that the law-abiding citizen can live his life without fear of intimidation or interference and as far as we can, to see that the great sums of money which have been invested in industrial concerns in the past are not jeopardised by any revolutionary agitation or disturbance. For that purpose we have recently armed ourselves with additional powers under the Indian Criminal Law Amendment Act. In view of what has been occurring elsewhere, I think you will admit that that is a reasonable precaution. But I sincerely trust that we shall not be under any necessity to exercise them. And here let me say how much I appreciate the remarks of your Chairman as to the attitude of the British officials and non-officials to the reforms so recently inaugurated. I can say with some confidence that he correctly interprets the attitude of all officials to the reforms. The controversy is over. The new machinery may have defects, but it is with the working of the machine, not with criticism of it, they are now concerned. The King's Government must carry on. If they have a quarrel it is not with those with whom they are loyally co-operating to make the new institutions a success, but with those who seek to wreck them and have nothing to offer in exchange, but the certainty of anarchy and strife. If they have apprehensions it is not as to the nature or wisdom of the guarantees which have been held out to India, but lest their co-operation should be looked upon askance or rejected and still more lest the forces of disorder should destroy not only the reforms, but all the work which they and their predecessors have laboriously performed. That attitude is shared not only by the community you represent, but by all sober and loyal sections of the country, in a word by the great mass of the population of this Presidency. And it is to their co-operation that the Government look to render the precautions they have taken unnecessary. If all these sections of the country openly declare their attitude, as your Chamber has done, I am confident that the small and insignificant number of agitators in this Province will realise their impotence and that it is not with the Government alone they have to deal but with a Government which has at its back the assurance of the support of all loyal and right-thinking citizens.

Mr. Chairman, my coal-carrying is over and I am fully aware of the poverty of its quality, but I can assure you, gentlemen, that it has been a great satisfaction to me to meet this influential body of gentlemen here and give them my ideas. I am glad too to-day to have this opportunity of thanking you, Sir, personally for the constant and unfailing support you have given me in many matters of public interest entirely outside your own business concerns.

In both spheres there are many problems and difficulties to be faced, but the spirit in which we should all approach them is surely that of the robust optimism to which your Chairman has given on your behalf such eloquent and convincing expression.

The Chairman, in introducing the Hon'ble Mr. K. Venkata Reddy Naidu, Minister for Development, spoke as follows:—

It is with peculiar pleasure I have to introduce my Hon'ble friend Mr. Venkata Reddy, the Minister for Development. In the new order of things, in charge of Commerce and Industry and Agriculture, and as his official designation shows, of Development, he is the Minister who comes most into contact with us. He is the Minister we ought to know. And let me tell you gentlemen to know my Hon'ble friend, is to appreciate him. No one knows the difficulties of his office more than we do, and no one wishes him well more than we do. What I like about my Hon'ble friend, if I may say so, is that he is humble. He has not gone bald headed for the problems of his department, he is walking warily his sole desire being to learn. Perhaps he has discovered that there is a great cleavage between the British businessman and the Indian idealist. By long years of bitter and expensive experience we have learned some things. And we know that it is not by waving a magic wand that the Indian idealist can create glass factories, match factories and paper mills and oil mills and spinning and weaving mills.

If there is anything in the collective experience of this Chamber, or of any of the concerns represented in it, or in any of us as individuals it is all gladly at the disposal of the Minister at any time. We shall always consider it a privilege to co-operate with him and his department.

Tucked away among "other subjects" you will notice a reference to the "question whether Government claims on properties of insolvents should receive preferential treatment."

Government have established that right, but it is to my Hon'ble friend the Chamber is indebted for the decision of Government to waive that right.

THE DEVELOPMENT MINISTER.

The Hon'ble the Minister, who on rising was met with an ovation, spoke at length on the depressing condition of trade and commerce in this country. He compared the figures of imports and exports of Japan and Canada with those of this country and said that while trade had developed quite marvellously within the course of 15 or 20 years in those countries it remained stationary in India. She was in a further un-

fortunate position in that her imports exceeded exports by a hundred million pounds. To a country which produced raw material in great abundance, such large imports of manufactured goods, were of disastrous consequence. If India should no longer remain a debtor country and be able to compete with the other nations, the real causes must be looked into and remedied at an early date.

A PROTEST ANSWERED

Mr. Reddy Naidu referred to a protest which the Tuticorin Chamber of Commerce sent to him in respect of the recent action of the Government to investigate the possibilities of assisting the promotion of the weaving and spinning industry in this Presidency; and explained the circumstances under which the Government resolved to take that action. He said that India was the largest cotton producing country in the world next only to the United States, and yet there were only 264 mills, the number in Madras being 14. It had been brought to the notice of the Government that there was room for more mills being started either in the northern districts or in the South. Three mills were being run in the Tinnevelly District and yet large quantities of cotton were being shipped from the Tuticorin port to other countries.

Government had been led to this position by a careful study of what was happening in the country. The one thing which he thought would defeat Mr. Gandhi on his own ground was to introduce some mills to give sufficient yarn to the weavers. At present the supply was quite insufficient because such of the mills that spun yarn utilised it in their own weaving sheds. And what little was left was dyed and sent to the Straits and China where it fetched higher prices. The result was that the Indian weaver was obliged to go for imported yarn and pay for it much more than he would have to pay, if yarn was produced in this country itself. Both from a political point of view and that of industrial development the Government therefore, thought it was their duty to move in the direction of helping the flotation of additional mills by advancing loans. This policy was referred in the Joint Report as the correct one to be pursued by the Government and the Industrial Commission also had supported it. The recent Government action, he emphasised, was not taken in any spirit of competition with existing mills.

MINISTERS' ALLEGIANCE

Mr. Reddy Naidu, continuing, welcomed the support, the Chamber gave the Government in their present policy to deal with the political situation and said for the information of the Chamber that the Ministers were at one with His Excellency in every word that he had given expression to that night.

Whatever might be the differences of opinion on this question in other provinces or on other matters in this Province, the Ministers had given their allegiance to His Excellency to the utmost of their capacity and would continue to do so, for after all the elementary function of Government was to govern and if it could not protect the persons and properties of its subjects it ceased to claim that name for itself. It was in the interests of the peaceful and law-abiding citizens that acts of this Government were directed. Whatever the boisterous wind-bags might say to serve their own ends, the real heart of the country knew what Great Britain had done for India and the members of the great party to which he belonged realised more than anyone else what they and their communities owed to even-handed justice which England of all conquerors of India, had been able to render. The association between India and England was a divine ordinance and nothing could be possible to separate them. It might be that they wanted Government on Colonial lines but they wished at the same time to be a partner of the Great British Empire.

VOTE OF THANKS

Sir Gordon Fraser, in proposing a vote of thanks, moved the following Resolution which was unanimously carried:—

"That this Chamber places on record their thanks to H. E. Lord Willingdon and the Hon'ble Mr. K. Venkata Reddy Naidu, Minister for Development, for attending the Annual General Meeting of the Chamber and their apreciation of the interest taken by H. E. the Governor and the Minister for Development in all matters concerning the commercial and industrial welfare of this Presidency".

SUMMARY.

The following is a summary of some of the more important proceedings of the Chamber during the year under review :

THE INDIAN RAILWAY COMMITTEE

In accordance with the announcements made in the Indian Legislative Council on the 25th February and 2nd September 1920, the Indian Railway Committee was appointed to consider and advise Government on certain matters connected with the administration of Railways in India.

In December, 1920, a copy of the questionnaire was received and an expression of the views of the Chamber was requested.

In reply the Chamber submitted a memorandum embodying its conclusions, of which the following is a precis :—

PART I.

The Management of Railways owned by the State.—The Chamber expressed itself in favour of the existing policy being maintained, *i.e.*, the railways now owned or partly owned by the State should be worked by Companies, being of opinion that Company lines are on the whole likely to be more efficiently, more economically, and more satisfactorily managed, than State-worked lines.

PART II.

The Railway Board and the Government of India's Control.—The Chamber was of opinion that the system of control by a Railway Board as at present constituted is satisfactory, but considered the Board might be strengthened and enlarged. The Chamber advocated the inclusion of a permanent member on the Railway Board, with special experience of South India, and its needs.

PART III.

Railway Finance.—The Chamber expressed istelf as strongly of opinion that the supply of funds for Railway purposes has hitherto been utterly inadequate, and urged that funds should either be raised through Government loans, or separately, preferably the former. Such increased funds should be used in the first place upon lines already constructed.

PART IV.

Government Control.—The Chamber had no particular remarks to make, but dwelt upon the amicable nature of the relations between the trading community and the railways.

PART V.

General.— The Chamber had in mind the difficulties and arrears caused by the War, and did not take serious exception to the normal state of Railways prior to 1914, however the Chamber stated, at the present time it was an urgent and vital necessity that the War time leeway should be made up, before new construction was attempted. In conclusion the Chamber called attention to the present low rate of interest allowed on capital for feeder Railways, and advocated the amendment of the Act, so that something like market rates may be offered.

Oral evidence was also given before the Committee by the Chairman, Mr. J. F. Simpson, Mr. A. P. Symonds, and Sir Gordon Fraser.

The Cochin Chamber (who desired to be associated with the representation of this Chamber) drew attention to the disabilities at present existing through the break of gauge from the S. I. Railway to the narrow gauge of the Shoranur-Cochin Railway, and the serious shortage of rolling stock on that line.

The Report of the Railway Committee was published in October. It will be interesting to see what action if any, and how soon, will result from their undoubtedly valuable contribution to the history of Railways in India.

It is convenient here to refer to the visit to Madras in July last of Mr. E. A. S. Bell, Member of the Railway Board. Mr. Bell addressed a meeting of the Chamber, when the opportunity was availed of to bring prominently to the notice of the Railway Board the fact that Southern India had never fared well in the allocation of Funds. That our efforts were productive of good is evidenced by G. O. No. 67 R. T., dated 13th October, 1921, showing that as a result of Mr. Bell's visit considerably increased grants were made to Railways in South India for the current year.

It is also convenient here to record a Resolution which this Chamber proposes to move at the Conference of Associated Chambers to be held in Calcutta in January next.

"With reference to wagon shortage on the Railways and consequent delay to traffic, this Conference is glad to record that the wagon shortage has to some extent been overcome. But there is still considerable delay in dealing with traffic due to the want of larger and more modern Junction Goods Yards and Marshalling Yards. It is believed that much of the difficulty now experienced by the public in obtaining coal, is not due so much to want of wagons, but to the delays to rolling stock passing through Marshalling Yards and Junction Stations where trains have to be reformed. This Conference, therefore, urges upon Government the absolute necessity of furnishing ample funds to permit of these long-over-due works being put in hand and completed as early as possible. To this end, large new developments should be subordinated to the urgency of bringing existing facilities up-to-date."

RAILWAY POLICE COMMITTEE.

The Railway Police Committee appointed by the Government of India to examine the existing organisation and working of the Railway Police Administration in India, and to enquire into the adequacy of the arrangements made for the protection of passengers and goods, visited Madras in February.

A questionnaire was forwarded to the Chamber with a request that any members interested would give evidence. It was decided, however, that the Chamber could not put before the Committee any evidence that would likely to be of advantage. The Chamber, as a fact, not being in a position to deal with the technicalities in the questionaire. Finally, however, the Chairman Mr. J. F. Simpson, attended and gave general evidence on behalf of the Chamber.

INDIAN RAILWAYS SERIAL LOADING

Following representations by certain members of the Government of India to Mr. A. H. Froome, Chairman of the Bombay Chamber of Commerce, when on a visit to Simla, the Committee of the Bombay Chamber of Commerce gave the question of malpractices on Indian Railways, particularly in connexion with the allotment of wagons, and the increase of pilferage of goods under consignment, their careful consideration.

The results of their deliberations were embodied in three Resolutions contained in a letter addressed to the Associated Chambers of Commerce. Subsequently copies of these Resolutions were forwarded to our Chamber by the latter body, for an expression of our views thereon. A Sub-Committee was appointed to go into the matter. This Sub-Committee was not able to endorse the Bombay Chamber's opinion contained in Resolutions, 1 and 2, *i.e.*, that the system of serial loading in force on the G. I. P. Railway should be adopted by other administrations throughout India, but commended to their notice circular instructions issued by the M. S. M. Railway with the object of preventing corruption amongst their employees.

With regard to Resolution 3, the Sub-Committee was of opinion that a much extended booking of goods at Railway Risk was not practicable.

The position as regards goods lost in transit was considered most unsatisfactory, and it was thought that the present form of Risk notes B. and H. should be amended in such a manner as to render the Railway Company responsible for shortages, as bailees of goods should be, even if this should entail a slight enhancement of rates.

EXCHANGE.

This question was fully discussed at the Annual General Meeting of the Associated Chambers of Commerce in January and copies of the Report thereon have already been distributed to members.

In February the Chamber despatched a telegram to the Government of India stating that it was strongly of opinion that the Government of India's reply to the Karachi Chamber of Commerce touching Government's inability to guarantee. Exchange at 1*s*. 4*d*. was adversely affecting a market already demoralised.

The Government of India, in replying, stated that in the existing abnormal conditions of trade any Government interference for the present would be ineffective.

In March the Chamber despatched a further telegram as follows:—

"Have Government considered the advisability of temporarily prohibiting imports of gold and silver with a view to reduce balance of trade against India"?

The Government of India replied that they had considered the matter but were of opinion that any interference on the movements of precious metals would not provide any satisfactory solution, and would also be open to objections on the ground of the re-imposition of control.

During the first half of the year owing to the acute position of Exchange the questions of Restriction of Imports, directly or by the imposition of a special import tax, and the Repudiation of Contracts by native importers, were brought prominently before the Chamber, as indeed before the Chambers of Commerce in India generally. The propaganda of a large section of the Indian importers advocating the repudiation of the payment of drafts, except at a fixed exchange rate of 2*s*. was also engaging the close attention of some of the principal Chambers of Commerce in the United Kingdom, copies of whose Resolutions and representations to the Secretary of State were received by the Chamber.

With regard to the former this Chamber after consideration came to the conclusion that the schemes advocated were quite impracticable. The Chamber's attitude with regard to the repudiation of contracts is well summarised in the following extracts from a Resolution of the Bombay Chamber of Commerce, on the same subject sent to the Government of India, and endorsed by this Chamber.

"The Committee while recognising fully the difficulties of all parties desire to reiterate the principal of the sanctity of contracts and strongly deprecate the Bombay Piece-goods Merchants' Associations' statement that their present policy of refusing to settle except at an arbitrary rate of exchange differs in any way from a wholesale repudiation of contracts."

THE PROFESSOR OF ... UNIVERSITY OF MADRAS

The Chamber took up the general attitude that it would serve no good purpose to discuss such resolutions, with the various Indian Importers Associations.

SKINS AND HIDES.

(1) *Skins and Hides Market.*—In January the Southern India Skins and Hides Merchants' Association addressed the Chamber requesting our joint action and support to the following Resolution :—

"That in view of the very low prices now realised, and heavy losses resulting therefrom shipment of tanned and dry skins to Europe and America, be stopped for four months as from the 15th July, 1921."

In reply the Southern India Skins and Hides Merchants' Association were informed that there was no possible prospect of the members of the Chamber supporting their Association's Resolution.

(2) *Reduction of the Valuation of Raw Skins for Tariff purposes, and the cancellation of Rebate Bonds on unsold Raw Stocks in the United Kingdom.*

A further communication was received from the Southern India Skins and Hides Merchants' Association forwarding a copy of a telegram which they had addressed to the Government of India, pressing for a reduction of the valuation of raw skins for tariff purposes, and the cancellation of Rebate Bonds on unsold raw stocks in the United Kingdom. The Chamber telegraphed to the Government of India strongly supporting their action. Early in February revised valuations for hides and skins were issued by Government, and the Chamber were informed that with reference to their telegram exports of raw skins and hides shipped to destinations within the British Empire since September, 1919, should until further notice, be allowed two years from the date of shipment of the consignment in question, within which to produce the certificates prescribed in the notification. The Government of India regretted they were unable to cancel all Rebate Bonds as suggested. In May the Chamber received a letter from the Government of India elaborating their intentions with regard to the recent revision of Tariff valuations, particularly dealing with tne length of time such revisions should remain in force. The Chamber replied supporting the proposals of the Government of India.

(3) *East India Tanned Hides.*—On receipt of a communication from the Association of Factors, Merchants and Importers of Leather, Hides and Tanning Materials, in regard

to the insertion of the following rejection clause in the contract form it was considered at a Joint Meeting of this Chamber and the Southern India Skins and Hides Merchants' Association.

"The goods to be of fair average quality of the description and mark. Should the goods, whilst answering the agreed description, turn out to be inferior to such fair average quality buyers shall not be entitled (save as hereinafter provided) to reject the goods, but a fair allowance shall be made in respect of such inferiority, to be settled, if necessary, by arbitration. If in the case of any dispute as to quality, the arbitrator shall award to the buyers a sum of more than 10 per cent. of the invoice value of the goods, the buyers shall then have the option of rejecting the goods without prejudice to their right to claim damages for non-delivery, such damages failing amicable settlement, to be fixed by the arbitrators."

It was agreed at that meeting by both the Bodies to the insertion of a rejection clause should the percentage be raised from 10 to 15 per cent. providing there were no further claims for damages for non-delivery.

(4) *Removal of the Export Duty on Raw Hides and Skins.*—In July, with reference to a communication received by them from the Calcutta Hides and Skins Shippers' Association, the Bombay Chamber requested our opinion as to the removal of the Export Duty, adding that they understood that the Karachi and Burma Chambers supported its removal. The Chamber after consideration passed the following Resolution:—

"Resolved to inform the Bombay Chamber of Commerce that the Madras Chamber is against the removal of the Export Duty on skins and hides, and sees no reason to alter the decision of a year ago, when it addressed the Government of India strongly urging that Government should declare its intentions to continue the levy of the Export Duty for at least some years to come."

Subsequently a special letter was prepared and forwarded fully explaining our views, a copy of which was sent to the Government of India and other Bodies interested.

The Southern India Skins and Hides Merchants' Association also addressed the Government of India strongly supporting the Chamber's action.

PROVINCIAL CONTRIBUTIONS.

The following Resolution was passed unanimously by the Madras Legislative Council on the 15th October, 1921:—

"This Council considers that the Government of Bengal having been exempted from the contribution due by them to

the Government of India, the Government of Madras are justly entitled to similar treatment, and that the whole scheme of Provincial contributions should now be reconsidered so as to relieve this Presidency of the undue burden placed upon it. The Council desires that a deputation of its members should wait upon H. E. the Viceroy to explain its views and resolved that, if the occasion should arise before the next meeting of the Council, the Hon'ble the President should nominate the members of the deputation."

At the General Monthly Meeting of the Chamber in October it was unanimously resolved that the Chamber was in hearty accord with this Resolution of the Madras Legislative Council, and to address the Government of India strongly supporting it.

In writing to the Government of India the Chamber stated that not to go back earlier than 1897, the Chamber's records showed that they had consistently and with all the force at their command protested to Government against the unfairness of the contribution to the Central Exchequer, which Madras had been called upon to pay. They gave a short recapitulation of their action since February, 1920, from which they added the strength of the Chamber's support in regard to the present Resolution of the Madras Legislative Council could be gauged. In conclusion, the attention of Government was called to correspondence ending with their letter, dated 2nd June, 1920.

The Resolution of the Madras Legislative Council was also generally supported by Chambers of Commerce and Public Bodies throughout the Presidency.

INCOME-TAX

Income-Tax Act, 1921.—In December, 1920, the Chamber received from the Government of India a copy of a communication addressed to all Local Governments and Administrations on the subject of the difficulties involved in working the procedure laid down by Section 19 of the Income-Tax Act which provides for an adjustment of the assessment with actual income when ascertained.

The Chamber replied stating that they were in full accord with the views expressed in the Resolution passed at the Conference of the Associated Chambers of Commerce, held at Calcutta in January, 1921, which read as follows:—

"That having been advised by Government that the procedure introduced by Section 19 of the Indian Income-Tax Act, 1918, which provides for an adjustment with actual income when ascertained has resulted in trouble to both assessors and

assessees, this Association is not prepared to abandon the adjustment system without further information as to the exact method it is proposed to adopt to safeguard the interests of assessees for the year in respect of which the change is made."

Income-Tax Committee.—In April the Government of India constituted a Committee of officials and non-officials to consider amendments to the Indian Income-Tax Act, 1918, and, in particular, the assessment of mercantile profits. The Chamber was requested to nominate a representative to serve on the Committee, also witnesses for oral examination. The Chairman, Mr. J. F. Simpson, attended in the former capacity. The absence of witnesses was explained by the extremely short notice given, and the absence of a questionnaire, the Chairman also added that having no particular grievances that would not likely be spoken to by Chartered Accountants and Legal witnesses, the Chamber saw no advantage in taking up the Committee's time. A short account of the proceedings of the Committee was prepared by the Chairman, and read at the General Monthly Meeting of the Chamber on the 26th April, and a copy of the Report of the Committee was received on the 4th August.

In November the Chamber received from the Government of India copies of the proposed provisions of the new Bill, requesting an expression of the Chamber's opinion thereon. After careful consideration by a special Sub-Committee, who had also the advantage of an interview by deputation with Mr. G. G. Sim, Joint Secretary to the Government of India, while in Madras. The Chamber replied to the Government of India, stating that it had no criticism to offer on the proposed Act, except, perhaps, in connexion with the question as to whether assessment should be on an average of three years profits, or on each year separately, which point was deferred for further consideration.

Appointment of Acting Chief Commissioner of Income-Tax, Madras.—It having been brought to the notice of the Chamber that the Southern India Chamber of Commerce had addressed the Government of Madras protesting against the announced appointment of Mr. A. R. L. Tottenham as Acting Chief Commissioner of Income-Tax, Madras. This Chamber decided to address Government in support of the appointment. In its letter to Government the Chamber stated:—"As Collector of Income-Tax, Madras, Mr. Tottenham, in the opinion of the Chamber, has carried out the work in a most praiseworthy and sympathetic manner characterised by the greatest fairness towards all with whom he came into contact. It desired to express full appreciation of the unfailing courtesy and consideration shown by Mr. Tottenham in the method of treatment in respect to most difficult questions relating to

Income-Tax, arising from abnormal business conditions caused by the war," and concluded "for these reasons this Chamber welcomes the announcement of the appointment of Mr. Tottenham as Acting Chief Commissioner of Income-Tax, and has every confidence in his ability to efficiently discharge the duties of that office."

Section 34 *of the Indian Income-Tax Act*, 1918.—The Associated Chambers of Commerce of India and Ceylon forwarded copies of correspondence between the Bengal Chamber of Commerce, and the Government of India, with reference to the application of this section of the Indian Income-Tax Act in respect of "tramp steamers."

It appears that the Collector of Income-Tax, Calcutta, had recently informed firms of steamship agents that it was the intention to treat them—under this section—as agents for certain steamship owners whose vessels do not trade regularly with India, but are chartered occasionally as "tramps," for which they had done nothing, but attend to matters such as entering and clearing the vessel at Customs. The Bengal Chamber of Commerce protested against this. At the Monthly General Meeting of the Chamber held on the 25th October, 1921, it was resolved :—

"That the Madras Chamber of Commerce is in agreement with the Bengal Chamber on this point, and is prepared to support their letter to the Government of India."

MUNICIPAL TAXATION.

In September, 1921, the Chamber received a letter from the Bombay Chamber of Commerce on the provisions of Section 110 of the Madras City Municipal Act No. 4 of 1919 and more particularly the action which it was understood the numerous smaller Municipalities throughout the Madras Presidency have taken in the same regard. It was pointed out that the incidence of the levy for which the aforesaid Section makes provision while operating harshly in the case of branches or agencies located in the Madras City would become unduly burdensome if followed by every Municipality throughout the Presidency. They added that they would be grateful to receive the views of the Chamber thereon at an early date.

The Chamber replied to Bombay enclosing copies of the Madras City Municipal Act, 1919, and the Madras District Municipalities Act, 1920, and added that the administration of the Madras District Municipalities Act, 1920, had brought to light inequalities that seem to call for amendment. The matter was now occupying the attention of a Sub-Committee of the Chamber the result of whose investigations would be passed on in due course.

The Report of the Sub-Committee appointed to investigate the matter having been considered the Chamber decided to address the Government of Madras. It stated that the attention of the Chamber had been drawn to the fact that the interpretations put upon the Act by various Municipalities were most inequitable and were bearing most unjustly on many large firms having agents or connexions in the Mofussil. It was pointed out that this Act being a "self-contained Act" admitted of no appeal against assessment other than to the Municipal Council the body which itself made that assessment, and was suggested that in the interests of justice some Court or persons of authority should be appointed to consider and give impartial judgement on points of difficulty or divergences of opinion which might arise through this Act.

The Chamber concluded by stating that having considered the various Sections of the Act in all their bearings it urged upon the attention of Government the following list of amendments and additions which were in the Chamber's opinion necessary to the smooth working of the Act:—

(1) That a Court of Appeal be appointed.

(2) The omission or the definition of " Branch Office " in Schedule IV, Section 16.

(3) That a ruling be given on the method of assessment of an Agent or the Sub-Agent under G.O. No. 1796.

(4) That a ruling be given as to the number of taxes which can be legally assessed on one source of income.

(5) That the terms or phrases "Branch Office" and "Gross Income" be defined.

(6) That a ruling be given as to whether G. O. No. 1796 is retrospective and whether assessments previously made should be amended and the moneys so collected refunded.

INDIAN COTTON COMMITTEE

Following on the Report of the Indian Cotton Committee, the Government of India decided to constitute a Central Cotton Committee at Bombay, whose functions would be mainly advisory. The proposals of the Indian Cotton Committee also included the formation of Provincial and Local Sub-Committees, to work in touch with the Central Cotton Committee. In the latter connexion a letter was received in May from the Director of Agriculture, Madras, putting forward certain tentative proposals, for the constitution of the Provincial and Local Sub-Committees, for the Chamber's opinion. A Sub-Committee consisting of Messrs. W. A. Turner and H. P. M.

Rae was appointed to meet the Director of Agriculture to discuss the matter with him, and made recommendations on behalf of the Chamber. These recommendations were adopted by the Government almost *in toto*.

At the General Monthly Meeting of the Chamber in October Mr. W. A. Turner was nominated as the Chamber's representative to serve on the Provincial Committee.

INDIAN COMPANIES ACT.

The Madras Government requested an expression of the views of the Chamber in regard to the proposal of the Government of India to amend the Indian Companies Act, so as to check the flotation of bogus or unsound companies, and in particular on the following points :—

(1) Should the Indian Companies Act require that a minimum percentage of the authorised capital should be subscribed before allotment was permitted?

(2) Should the Indian Companies Act require that a minimum percentage of the authorised capital should be paid up before allotment was permitted?

(3) If so, what should the minimum percentages be?

The views of the Chamber were communicated in their letter of the 11th March, 1921, stating that the minimum percentages should be 30 per cent. in the case of No. 1, and 25 per cent. in the case of No. 2.

PROPOSED LEGISLATION FOR THE USE OF THE TERM "BANK" IN INDIA

The Madras Government requested the views of the Chamber, in regard to the proposals of the Government of India to effect certain changes in the Banking law of India; the object of such legislation being to safeguard the interests of depositors.

In replying, the Chamber stated that they considered that no useful purpose would be served by endeavouring to legislate to restrict the use of the term "Bank" which would be very difficult to define. The Chamber was in full sympathy with the object of the Government to protect depositors. It did not consider, however, that this object would be achieved by demanding a fuller balance sheet than that of Form G. in the third schedule of the Companies Act, at present in force. There were, however, a few points which the Chamber desired to bring to the notice of Government :—

(1) The Chamber consider that no Company registered as a Bank should be allowed to start business until at least 50 per cent. of its authorised capital had been paid up.

(2) A statement of affairs should be published monthly.

(3) Only duly qualified Auditors should be appointed as such.

(4) Auditor's certificates should state that investments have been examined and that full provision has been made for depreciation when securities stand in the books above market values.

The Chamber concluded by stating that probably the most effective way in which depositors could be protected lies in the tightening of the Criminal Law, making Directors, Managers and Auditors of Banks, whose failure is due to fraud, personally liable for all losses and liable to severe punishment for losses caused by fraud.

THE USE OF BLANK TRANSFERS IN SHARE TRANSACTIONS.

An expression of the views of the Chamber was sought by the local Government in regard to a communication received from the Government of India on the subject of the use of blank transfers in share transactions.

Under existing practice a seller of a block of shares attaches a stamp to the deed of transfer which he has signed, but the name of the purchaser is not at that stage ordinarily inserted. The shares with a blank deed attached may change hands a number of times, before they ultimately pass into the possession of a buyer, who decides to keep them, and to register himself as their holder. He then signs the deed and the transfer is complete.

The Government being interested in the discontinuance of this system it has been suggested to them that action on the lines of Sections 77 and 78 of the English Finance Act of 1910, would operate in the direction of the protection of Revenue. These Sections impose upon each Contract Note a stamp duty varying from 1-40th to 1-200th per cent., require all contracts for the sale or purchase of shares to be covered by a Contract Note so stamped, and declare the brokers right to a commission to be not enforcible unless the Contract Note was duly stamped.

The Government of India, however, recognised the possibility of commercial considerations being of sufficient weight to make such a proposal unsuitable for India, and invited the opinions of local bodies interested, through the Madras Government.

The Chamber, in replying to the Government of Madras, stated that it saw no objection to the adoption as a means of protecting the revenue of a scale of stamp duty on the lines of the English Finance Act quoted. However the Chamber did not consider that the stamping of contracts on these lines would have an appreciable effect upon the practice of dealing in blank transfers. The Chamber were unable to suggest any practical scheme, which could be made effective as a means of stopping the practice, without seriously hampering the transaction of business in active share markets.

BILLS OF LADING.—QUESTION OF THE LIMITATION OF SHIPOWNERS' LIABILITY.

A Committee known as the Imperial Shipping Committee was appointed in June, 1920, to investigate matters connected with the development and improvement of the sea communications between the different parts of the Empire. In January, 1921, the Committee devoted special attention to the question of the limitation of shipowners' liability by clauses in Bills of Lading. They asked the Government of India for their views, particularly as to whether uniform legislation on the lines of the Harter Act of the United States of America should be passed throughout the Empire. The Government of India in their turn consulted the various Chambers of Commerce.

Under the Harter Act of the U. S. A. it is not lawful to insert in any Bill of Lading any clause relieving the owner or master of a vessel conveying merchandise from or between ports of the United States and foreign ports from liability for loss or damage arising from negligence fault, or failure in proper loading, stowage, custody, care or proper delivery of merchandise. Legislation on similar lines has been passed in Canada, in the Commonwealth of Australia, and in New Zealand.

The Madras Chamber replied to the Government of India that they approved of the suggestion that legislation should be passed on the lines of the Harter Act of America.

Later communications were received from London of the action taken by various bodies interested in the question.

AUXILIARY FORCE ACT, 1920.

The Chamber was advised by the Government of Madras that at a preliminary Conference held on the 26th November, 1920, it was decided to constitute three Advisory Committees under Section 28 of the Auxiliary Force Act, 1920, for the Madras Presidency, and inviting the Chamber to nominate a member to represent them on the Advisory Committee at Madras.

Sir Gordon Fraser was nominated as the Chamber's representative, and served until his departure for England in February, when Mr. W. O. Wright was elected.

INDIAN ARMY RESERVE OF OFFICERS.

In connexion with a scheme in preparation by the Army for providing Officers for the Indian Army Reserve, the Chamber received in April a communication from the General Secretary of the European Association, Calcutta, requesting our views on alternate proposals of the Army for putting in the month's annual training. The first provided for a month's training during the cold season.

The Chamber replied that they were in favour of the second scheme, viz., that the training should take place at a Hill Station during the hot weather, provided that the training is spread over the hot season.

CABLE COMMUNICATIONS.

The Associated Chambers of India and Ceylon forwarded for the remarks of this Chamber copies of correspondence which had passed between themselves and the Government of India, with reference to the Resolution on this subject adopted at the Annual Meeting of the Associated Chambers in January. Their letter was discussed at the Monthly General Meeting of the Chamber in August, when the following Resolution was adopted :—

"Resolved to inform the Associated Chambers of Commerce of India and Ceylon that the Madras Chamber would welcome the abolition of the express triple rate system of cablegrams and urges the Associated Chambers to press upon Government the necessity of restoring the normal cable service at the earliest possible moment."

The Chamber had occasion to address the Telegraph Department, General Post Office, Madras, to complain of the alarming increase in mutilations in cablegrams received from the United Kingdom. Also of the very serious delays which had taken place in receipt of Inland telegrams from Bombay and Calcutta. The Chamber added that they were aware that the local office might be powerless in the matter, but would be obliged if the Telegraph master in charge would throw some light on the subject.

The question is at present receiving the attention of the Telegraph authorities.

PROPOSED SITE FOR CURRENCY OFFICE.

In October, 1920, the Chamber addressed the Government, opposing the erection of a Currency Office on the site proposed by Government opposite the North Arm of the Groyne of the Harbour. Protests on similar lines were also made by other Bodies.

We were later informed that the views of the Chamber were receiving attention, and finally in July, 1921, a Government Order was issued stating that the Government of India had decided to abandon the acquisition of the proposed site.

NON-CO-OPERATION.

At the instance of the Cocanada Chamber of Commerce, the Chamber addressed the Government of Madras, pointing out the effect the non-co-operation movement appeared to be having in various centres in the way of interfering with the clearance of goods, and urging upon Government that the Publicity Bureau should endeavour to combat the movement.

THE ASSOCIATED CHAMBERS OF COMMERCE OF INDIA AND CEYLON.

At the Conference held in Calcutta in January last our Chamber was represented by Mr. J. F. Simpson and Mr. W. Alexander. Mr. A. P. Symonds was prevented from attending. Full report of the proceedings and the Resolutions adopted were put in the hands of members in due course.

At the ensuing Conference to be held in Calcutta on the 30th-31st January next our representatives will be Mr. J. F. Simpson, Mr. A. F. Buchanan, and Mr. W. A. Turner.

Resolutions to be moved by Madras on the subject of Railways, Cables and Telegraphs, have already been given notice of. This Chamber is still considering the question of proposing a Resolution on the Registration and Protection of Trade Unions.

OTHER SUBJECTS.

A large number of other subjects came up before the Chamber during the year and amongst these were:—Ex-enemy Nationals as Directors or Shareholders in Companies incorporated in British India; Constitution of British Chambers of Commerce in Foreign Countries and the use of the title British Empire Chambers of Commerce by approved Chambers; Enhanced fees for American Consular Certificates; Duty on the component parts of Machinery; Restriction of traffic on the South Indian Railway; Question whether Government claims on properties of insolvents should receive preferential

treatment; Liability for payment of demurrage charged by railways on account of wagons held up in consequence of a general strike; and Preferential treatment to Ceylon and Indian Teas in Australia.

In the course of the year, Members of the Chamber gave substantial support to various public charities, *i.e.*, The South Indian Nursing Association; The St. George's Homes, Kodaikanal; The Pasteur Institute; Y. M. C. A. and Shorthand Writers' Association, Madras.

THE CHAIRMAN AND VICE-CHAIRMAN.

Sir James Simpson was Chairman, and Mr. W. Alexander was Vice Chairman during the year.

THE MADRAS LEGISLATIVE COUNCIL.

Sir James Simpson and Mr. W. Alexander were the Chamber's representatives for 1921.

THE MADRAS PORT TRUST.

Sir James Simpson, Messrs. W. Alexander, T. M. Ross, A. P. Symonds and W. A. Turner served as the Chamber's representatives for various periods during the year.

THE MADRAS CORPORATION.

Lt.-Col. W. H. Johnston and Mr. A. B. Bradshaw served as the Chamber's representatives for the year.

NEW MEMBERS.

Messrs R. L. Hird, Cecil Kennedy, Ross M. Logan, John Main H. G. Ogden, J. W. Thomson and H. Worthington Wilson.

HONORARY MEMBERS.

Mr. A. A. Biggs, Major C. H. Brock, Messrs. G. W. Chambers, H. N. Collyer, C. W. E. Cotton, I. C. S, A. M. Green, I. C. S., S. C. Lyttleton, R. V. Mitchell, T. E. Moir, I. C. S, N. E. Rayner, S. D. Truscott, and W. D. Woollam.

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MADRAS.

CORRESPONDENCE.

INDIAN RAILWAY COMMITTEE.

Delhi, 13*th November*, 1920.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR.—I beg to invite attention to the Railway Board's Resolution, No. 405 F.—19, dated the 9th October, 1920, in which the Terms of Reference of the Railway Committee were announced. Pending the assembly of the Committee in India it is impracticable to indicate particular points to which it may wish to invite special attention; but as the time available between the issue of any questionnaire that may be approved and the recording of evidence will necessarily be very limited, it is suggested that your Chamber might consider at once the main issues involved, and select one or more representatives who will be available for the purpose of giving evidence.

2. It is hoped that it will be possible within a very short time of the assembly of the Committee to furnish you with the proposed tour programme together with a list of questions for written evidence.

I have, etc.,
T. RYAN,
Officer on Special Duty, Railway Committee.

[ENCLOSURE.]

GOVERNMENT OF INDIA.
RAILWAY DEPARTMENT, (RAILWAY BOARD.)
Simla, the 9*th October*, 1920.
RESOLUTION.

In conformity with the announcements made in the Indian Legislative Council on the 25th February and 2nd September, 1920, a Committee will shortly be appointed to consider, and advise Government on certain matters connected with the administration of railways in India.

2. An announcement will be made in due course of the constitution and place of assembly of the Committee. In the meantime, to enable interested parties to formulate their views, it is considered desirable to publish for general information the Terms of Reference which have been framed in consultation with the Secretary of State for India; they are as follows :—

Terms of Reference.

(1) To consider, as regards railways owned by the State, the relative advantages, financial and administrative, in the special circumstances of India, of the following methods of management :—

(*a*) direct State management ;

(*b*) management through Company domiciled in England and with a Board sitting in London ;

(*c*) management through Company domiciled in India and with a Board sitting in India ;

(*d*) management through a combination of (*b*) and (*c*) ;

and advise as to the policy to be adopted as and when the existing contracts with the several Railway Companies can be determined. (In considering the question of the East Indian Railway, the Committee will take note of the decision to remove the management of that railway to India, which was arrived at when the contract with the present Company was extended on the amended terms in 1919).

(2) To examine the functions, status and constitution of the Railway Board, and the system of control exercised by the Government of India over the Railway Administration, and to recommend such modifications, if any, as are necessary for the adequate disposal of the railway business of the Government.

(3) To consider arrangements for the financing of railways in India and in particular the feasibility of the greater utilizsation of private enterprise and capital in the construction of new lines

(4) To report whether the present system of control by Government of rates and fares and the machinery for deciding disputes between railways and traders are satisfactory, and, if not, to advise what modifications are desirable.

(5) To make recommendations that may seem germane to the enquiry.

3. Pending the further announcement referred to in paragraph 2 of this Resolution, and the institution of inquiries by the Committee itself, any expression of opinion which it may be desired to offer upon the subject-matter of the Committee's investigation may be addressed to the Secretary, Railway Committee, Simla, for communication in due course to the Committee.

By order, etc ,

Joint Secretary, Railway Board.

Railway Board, Delhi, the 2nd December, 1920.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—In anticipation of the assembly of the Indian Railway Committee a questionnaire has been prepared with a view to eliciting the opinions and recommendations of parties interested in the subject of the Committee's inquiry. I enclose copies of

this document and am desired to request that written replies may kindly be sent to me, for the Committee's consideration, at as early a date as possible.

2. It will be observed that for convenient reference verbatim extracts have been reproduced, at the head of each section of the questionnaire, from the Committee's Terms of Reference which were published in the *Gazette of India* on the 9th October, 1920.

3. The Committee is expected to assemble in Calcutta on the 15th December, 1920, and its tour programme will be published as soon as possible after that date.

I have, etc.,
T. RYAN,
Officer on Special Duty, Indian Railway Committee.

[ENCLOSURE]

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT (RAILWAY BOARD.)

Indian Railway Committee 1920.

QESTIONNAIRE.

Part I.—The management of railways owned by the State.

Question No. 1 —Do you consider that railways owned by the State should be managed directly by the State, or by companies on a profit sharing basis ?

Please give reasons for your reply, mentioning the systems of management of which you have had personal experience and the nature of that experience (e.g. whether as a member of the commercial community, of the travelling public, etc., etc.)

Question No. 2.—If you advocate the continuance of any one of the existing systems of management, would you propose any, and, if so, what modifications in it ?

Question No. 3.—If you advocate management by companies, do you recommend that such companies should be domiciled in India, or in the United Kingdom ? Please give your reasons for your opinion.

Question No. 4.—Do you consider that the existing system of allowing the working companies an interest in the undertakings entrusted to them, by allowing them to hold a relatively small share of the capital and to receive a proportionate share of the net earnings, is a suitable and sufficient method of giving them an interest in the undertaking ; or what alternative would you suggest.

Question No. 5.—With regard to management by companies domiciled in the United Kingdom it is sometimes urged that the Directors are out of touch with Indian conditions and requirements, and that undesirable delay sometimes occurs in settling references. If you recommend management by such companies how do you meet this criticism ?

Question No. 6.—In the event of railway companies being domiciled in India how would you suggest that the Boards of Directors should be constituted? How do you suggest that the paramount interest of Government in the railways should be safeguarded?

Question No. 7.—Do you consider that there will be any lack of continuity in a Board domiciled in India? Do you consider that sufficient continuity would be secured by a permanent Chairman nominated by the Government skilled in railway work? Do you consider that the other Members of the Board need be skilled in railway work?

Question No. 8.—In the case of companies domiciled in India, is it necessary to consider the possibility of otherwise suitable Directors being so actively interested in particular industries or areas as to prejudice their impartiality?

Question No. 9.—What is your opinion of the suggestion that the systems of management by companies domiciled in England and by companies domiciled in India, might be combined? If you consider this idea practicable and desirable please indicate the broad outlines of the scheme by which you think it might be carried into effect.

Part II.—The Railway Board, and the Government of India's control.

Question No. 10.—Do you consider the system of control by means of a Railway Board satisfactory; if not, what alternative do you propose?

Question No. 11.—If you consider that control by means of a Board is desirable, how do you consider that that Board should be constituted; and have you any recommendations to make as regards the Board's subordinate officers?

Question No. 12.—With regard to the functions exercised by the Board, do you consider that the exercise of these in practice is satisfactory or extends either to insufficient or to unnecessary detail? Please give reasons and instances in support of your views.

Question No. 13.—Do you consider that the Railway Board possess adequate powers of control over railway administrations to enable them to deal effectively and expeditiously with matters relating to the requirements of the travelling public and of trade?

Question No. 14.—Do you consider that the powers of control in such matters already possessed by Government have been sufficiently exercised in the public interest?

Question No. 15.—Do you consider that the powers entrusted to the Railway Board need enlargement or modification in any direction not already indicated in reply to preceding questions?

Question No. 16.—Do you consider that the present status of the Railway Board *vis a vis* the Government of India is satisfactory; and if not, what changes do you suggest?

Part III.—Railway Finance.

Question No. 17.—Do you consider that the supply of funds for railway purposes has hitherto been adequate? Please distinguish, if possible, in your reply between the provision of funds for (*a*) new construction, and for (*b*) the maintenance, and (*c*) the improvement, of existing railways.

Question No. 18.—Do you consider that the policy hitherto adopted of devoting the greater part of the available capital funds to the improvement of equipment and rolling-stock of existing railways, and of devoting only a relatively small portion to the purposes of railway extension, has been satisfactory, and is sound in principle?

Question No. 19.—If you are of opinion that funds are required on a larger scale than hitherto provided, what in your opinion is the approximate amount that should be provided annually for capital purposes ?

Question No. 20.—Do you consider that the capital funds required should be raised both in India and in the United Kingdom ?

Question No. 21.—As regards borrowing in India ; do you consider that the existing arrangements for supplementing, by means of the Branch Line Terms,* the Government of India's resources for railway construction are adequate ; if not, what modified, alternative or supplementary provision do you suggest ?

* See Railway Administration Report, 918-19, Volume II, Appendices 37 *et seq.*

Question No. 22.—Assuming that new methods of raising capital for railway purposes must be sought, what do you think of the suggestions that they should be raised :—

(*a*) by means of ordinary or preference share capital ;

(*i*) of working companies ;

(*ii*) of subsidiary companies associated either with the main working companies, or with the State in the case of lines directly worked by the State.

(*b*) By means of railway debenture capital raised :—

(*i*) by the working companies, or

(*ii*) by the Government of India

(*c*) By terminable bonds ?

Question No. 23.—Can you suggest other methods of supplementing the existing system of providing funds for railway purposes ?

Question No. 24.—Can you give an estimate of the amount that could be raised by any of these methods in India or England respectively ?

Question No. 25.—Please indicate your views as to the probability of borrowing by these methods interfering with the success of ordinary Government borrowings ?

Question No. 26.—The Railway Capital Programme depends on the power of the Government of India to provide finance either by borrowing or from its balances ; similarly, the general revenue position of the Government of India exercises some influence on the allotments for expenditure on Revenue Account.

(*a*) Do you consider that this has been, and is, detrimental to railway improvement and development ?

(*b*) In view of the increased rate of interest at which capital can be raised, do you consider that railway rates should generally be raised, if necessary, so as to prevent railways from being a burden on the general taxpayer ? Can you give a rough estimate of the percentage by which rates and fares might be raised, if so required ?

Question No. 27.—The following statements indicate the results secured, by State-owned and managed, and by State-owned but Company-managed, railways, respectively, during recent years :—

I.—State-owned and managed.

Year.	Nett Earnings. (Rs. lakhs.)	Percentage of nett earnings on capital.	Interest and other charges against nett earnings (Rs. lakhs.)	Clear pofits to Government. (Rs. lakhs.)	Percentage of nett profit on capital.
1916-17	808.24	5.18	566.73	241.51	1.55
1917-18	1,029.41	6.39	593.05	436.36	2.71
1918-19	913.73	5.58	596.82	316.91	1.93

II.—State-owned but Company-managed.

Year.	Nett Earnings. (Rs. lakhs.)	Percentage of nett earnings on capital.	Companies share of surplus profits. (Rs. lakhs.)	Other charges (for interest, etc.) (Rs. lakhs.)	Clear profits to Government. (Rs. lakhs.)	Percentage of nett profits on capital.
1916-17. .	2,489.58	6.34	115.57	1,483.25	890.76	2.27
1917-18. .	2,726.91	7.01	149.16	1,523.49	1,054.26	2.71
1918-19. .	3,004.30	7.70	189.63	1,514.93	1,299.74	3.33

Do you consider these results satisfactory to the State and to the public ?

At what additional figure, if any, would you estimate the indirect advantages to Government, attributable to railways through the development of areas served by them ?

Question No. 28.—Have you any criticisms and recommendations to make with regard to the existing annual budget system ; under which, funds being allotted to each railway for expenditure within a particular year, any such sum as is not actually expended during that year "lapses" to Government notwithstanding the fact that liabilities may definitely have been incurred (e.g., stores may have been ordered but not paid for owing to deferred delivery), with the consequence that a first claim is established upon the grant made for the following year.

(*N.B.*—In answering the question please bear in mind the recorded opinion of the Indian Railway Finance and Administration Committee of 1907, who noticed that in deciding on the allotment to be made in any year for railways the Government take account of any improvement in the financial position owing to the occurrence of "lapses" in the preceding year, and that consequently any lapsed grant is really, even if not manifestly, re-allotted. The Committee observed that :—

> "The whole arrangement works back to the fundamental principle that the Government of India provides as much in each year as it possibly can, all things considered, for expenditure on railways and distributes that money in the way which it conceives to be most advantageous for the country as a whole.")

Question No. 29.—Do you consider that the existing arrangements for regulating expenditure in England, with reference to the grants allotted, are satisfactory, if not, what modifications do you suggest ?

Part IV.—Government Control of rates and fares ; Settlement of disputes.

Question No. 30.—Do you consider that Government exercise adequate control over railway administrations in respect of rates and fares ?

Question No. 31.—Do you consider that the powers in this respect delegated to railway administrations have been wisely used in the interests of the public ; if not, quote instances to the contrary ? In case of dissatisfaction with the action of railway administrations, please quote specific instances mentioning whether these have been referred, with a view to rectification.—

(*a*) to the railway administrations concerned, or

(*b*) to the Railway Board,

and, if so, with what results.

Question No. 32.—Do you approve of the machinery provided by the Indian Railways Act (Chapter V) for the appointment of Railway Commissions to settle disputes between railway administrations and traders ; if not, what alternative do you suggest ?

Question No. 33.—Have you any recommendations, not directly covered by the foregoing questions, bearing on the relations between the public and the railways.

Part V.—General.

Question No. 34.—Is the carrying capacity of the various railways in your opinion, adequate to the requirements and needs of the various industries served by them ? If not, what, in your opinion, is the reason of the failure and what means would you suggest to remedy this defect.

Question No. 35.—Please add any other remarks which you think called for in respect of the subject-matter of the Committee's enquiry.

Chamber of Commerce, Madras, 22nd December, 1920.

TO THE OFFICER, SPECIAL DUTY, INDIAN RAILWAY COMMITTEE,

Calcutta.

SIR,—With reference to your letter No. 1, dated the 13th ultimo and No. 2, dated the 2nd instant, I beg to inform you that this Chamber is now considering the main issues involved in this enquiry and for the purpose of giving evidence have selected the following representatives :—

The Hon'ble Mr. J. F. Simpson, Sir Gordon Fraser and Mr. A. P. Symonds.

I have, etc.,

J. F. SIMPSON,

Chairman.

INDIAN RAILWAY COMMITTEE 1920.

QUESTIONNAIRE.

Memorandum by the Madras Chamber of Commerce.

The Chamber will not attempt to deal with the questions seriatim, but will confine itself to a short expression of its views on the five main heads of the questionnaire.

Part I.—The Management of Railways owned by the State.

Broadly speaking the Chamber is in favour of the existing policy being maintained, that is to say the railways now owned or partly owned by the state should be worked by companies.

Madras is not perhaps in the best position to express an opinion in this matter, because both the railways serving the Presidency are Company managed, but on the broad question the Chamber adheres to its views as expresssed in its letter to the Railway Board, dated the 11th August, 1916, which were in favour of Company management. The Chamber is of opinion that Company lines are on the whole likely to be more efficiently, more economically and more satisfactorily managed than State-worked lines.

As regards the point of management by Companies domiciled in India or the United Kingdom, (questions 3 and 5-9) the Chamber is rather attracted by the suggestion in question 9 "that the systems of management by Companies domiciled in England and by Companies domiciled in India might be combined." This notion is a new one, and ought to be explored. In an advisory and consultative capacity, and with powers of action in certain directions without reference to London, a Board in India, might be a useful adjunct to a main Board in London. But the Chamber fears such a plan would hardly be found workable, and much the same general objection applies to a Board wholly domiciled in India. On the whole the Chamber is in favour of companies being controlled by means of Boards in London. There should be intimate relationship between such Boards and the management of the lines, and the latter should have large powers of dealing with questions of current management without necessarily referring to London. Further, it should be a recognised thing that a majority of the members of a Home Board should have recent Indian experience, and that by means of regular visits by a deputation of its members the Board should be kept in close touch with conditions in India.

Part II.—The Railway Board and the Government of India's Control.

Speaking generally the Chamber is of opinion that the system of control by a Railway Board as at present constituted

is satisfactory. But it can hardly be said that the Railway Board has altogether come up to public expectations. It would seem as if the Board required strengthening and enlarging. The method of limiting appointments to five years does not seem to give the best results and the Chamber would advocate the appointment of suitable men who are still in the midst of their Indian career, and who may serve on the Board for much longer periods than five years. If necessary the scale of salaries should be raised in order to attract men of the highest class, not only as regards the Board, but also as regards Secretaries, Assistant Secretaries, etc.

The Chamber would like to see a permanent member on the Board with special experience of South India and its needs. In this latter connexion the Chamber is under the impression that the South Indian interests have often suffered in the distribution of funds for capital expenditure. There is a very general belief in these parts that those larger and richer lines nearer to Simla than Madras are seen always to be favoured in the allocation of funds. The Chamber would like such an impression removed and would welcome an assurance that the Northern lines and those serving the ports of Karachi, Bombay and Calcutta do not receive a more liberal share of funds than we do in the South.

Part III.—Railway Finance.

The Chamber is strongly of opinion that the supply of funds for railway purposes has hitherto been utterly inadequate.

The Chamber would answer question No. 17 emphatically in the affirmative. The utter inadequacy of the Government annual grant and consequent inability of the railways to keep their lines and rolling stock up to the mark (arrears have greatly increased owing to the war) makes it a vital necessity for several years to come to confine all energies to improving the facilities and equipment of open lines.

Construction of new lines should be held in abeyance for the present. Funds are urgently required on a much larger scale than hitherto, but the Chamber is not in a position to name any approximate amount. Neither does the Chamber think it necessary to discuss the different methods of raising capital. There is no reason why funds should not be raised both in India and the United Kingdom, unless there be anything objectionable in having two rates of interest. It is almost certain that a higher rate of interest will be required in India than in the United Kingdom.

The Chamber sees little hope of borrowing in India at much under 7 per cent. income-tax free.

Separate borrowings for railway purposes (question No. 25) would undoubtedly be likely to interfere with the success of ordinary Government borrowings. If from the latter sufficient funds can always be allotted to railway purposes, the Chamber would rather not see separate borrowings for railways. But if this cannot be guaranteed then there should be separate arrangements for railway finance.

In regard to question 26 (*b*) the Chamber agrees that railway rates should generally be raised if necessary so as to prevent railways from being a burden on the general tax-payer.

As regards question No. 28, the Chamber considers that the budget system of annual "lapses" should be abandoned in favour of ordinary business methods. A railway should be able to depend on adequate funds to carry out its programme of works and not be hurried or harassed by the fear of "lapses" in any one year.

Part IV.—Government Control, etc.

The Chamber has no particular remarks to offer under this section, save to say, as regards question No. 31 that its relations, and, so far as it is aware, the relations of the trading community generally with the railways serving the Presidency, are of the most amicable and satisfactory character.

Part V.—General.

Question No. 34 must be answered emphatically in the negative. But in saying this the Chamber has in mind the difficulties and arrears caused by the war, and is not taking serious exception to the normal state of the railways prior to 1914. There was room for improvement even then, and as traffic has steadily increased since 1914, and the general volume not likely to grow less, it is an urgent and vital necessity that the wartime leeway be made up before there is any new construction.

In conclusion the Chamber would call attention to the present low rate of interest allowed on capital for Feeder Railways. It is altogether impossible now to attract capital at 4 per cent. and when the time comes to push the construction of Feeder Railways the Act will require to be amended and something like ordinary market rates will have to be offered.

Mr. J. F. Simpson, Sir Gordon Fraser and Mr. A. P. Symonds are available to give evidence, on the foregoing, if required.

JAS. F. SIMPSON,
Chairman.

Chamber of Commerce, Cochin, 8th January, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,

Madras.

SIR,—I understand that the Indian Railway Committee will be sitting in Madras about the 15th instant to take evidence in regard to railway questions affecting Southern India.

This Chamber has received no official information nor seen the questionnaire, but would like to be associated with your Chamber in any representation you may place before the Committee.

The Cochin Chamber has no definite opinions to put forward regarding Railway Administration, but if opportunity offers would request you to call the attention of the Committee to the development which will be necessary as the Cochin Harbour Scheme progresses and the disabilities at present existing through the break of gauge from the South Indian Railway to the narrow gauge of the Shoranur-Cochin Railway and the serious shortage of rolling stock on the latter mentioned railway to Cochin.

Trusting that this request will present no difficulty and be found within the scope of the inquiry of the Indian Railway Committee.

I have, etc.,

E. A. COOPER,

Chairman.

Chamber of Commerce, Madras, 14th January, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,

Cochin.

SIR,—I am desired by the Chairman to acknowledge the receipt of your letter dated the 8th instant and to say that he will be only too pleased to lay before the Railway Committee the questions raised by you in regard to the development that will be necessary as the Cochin Harbour Scheme progresses, the disabilities at present existing through the break of gauge from the South Indian Railway to the narrow gauge of the Shoranur-Cochin Railway and the shortage of rolling stock on the latter railway.

I am to forward a copy of a memorandum which has been submitted to the Railway Committee and to express the hope that it will meet with your approval.

I have, etc.,
O. KERSHAW,
Secretary.

Chamber of Commerce, Cochin, 18th January, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to acknowledge the receipt of your letter of the 14th instant and thank you for agreeing to lay before the Railway Committee the points mentioned to you by this Chamber in which Cochin is chiefly concerned.

I also thank you for copy of memorandum which your Chamber is submitting to the Railway Committee contents of which have the approval of this Chamber.

I have, etc.,
E. A. COOPER,
Chairman.

Chamber of Commerce, Madras, 20th January, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE.
Cochin.

SIR,—With further reference to your letter of the 8th instant I now beg to inform you that when giving evidence before the Railway Committee this forenoon, I had the pleasure of reading your letter of the 8th instant to this Chamber and formally handed over a copy of it to the President of the Committee. The President remarked that such far-reaching questions as the break of gauge were specifically excluded from the purview of the Committee. The disabilities at present existing owing to the shortage of rolling stock and such like were prominently referred to, and I may mention that although this Chamber strongly advocated all energies being concentrated for the present upon improving open lines rather than new construction (as you will see from our Memorandum copy of which has already been sent you), I specifically excepted from this the developments which might be necessary in your district as the Cochin Harbour Scheme progresses.

Trusting the foregoing will meet with your Chamber's approval.

I have, etc.,
J. F. SIMPSON,
Chairman.

Chamber of Commerce, Cochin, 21st January, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to previous correspondence ending with your letter of the 14th instant, I beg to send for your information copy of letter now received by this Chamber from the Secretary, Indian Railway Committee, Madras, (omitted) together with copy of my reply.

I trust that you will agree with what has been written and that you will still allow this Chamber to be included in your representation, also that you will lay before the Committee the particular questions raised by the Cochin Chamber of Commerce.

I have, etc.,
E. A. COOPER,
Chairman.

Chamber of Commerce, Cochin, 21st January, 1921.

TO THE SECRETARY, THE INDIAN RAILWAY COMMITTEE,
Madras.

SIR,—I am in receipt of your No. 15 R.C. dated Madras, the 17th instant, enclosing a copy of the questionnaire relating to the Indian Railway Committee, asking for a brief statement of this Chamber's views and recommendations on the subject under inquiry and finally whether it would be convenient for a representative of this Chamber to supplement the statement asked for by giving further oral evidence to the Committee in Madras early next week.

In reply I am directed to inform you that this Chamber is, like all Commercial Associations, keenly alive to the importance which attaches to the inquiries of your Committee and would have welcomed the opportunity offered for stating the views of its Members, but in the absence until now of a copy of the questionnaire the Chamber has not been in a position to go in detail into the various matters in the inquiry, and having in the meantime been favoured with a copy of the statement drawn up in relation to the subject by the Madras Chamber of Commerce of which this Chamber is a Member, we have already signified to the Madras Chamber our wish to be associated with them in their representations.

Such being the position my members think it best to leave the matter as it stands, more especially as there is now insufficient time in which to study the questionnaire in detail, and prepare a statement which would adequately deal with the subject. Moreover, the memorandum drawn up by the Madras Chamber represents the general views of this Chamber, who unfortunately

could not in any case now arrange for a representative to proceed to Madras to give oral evidence. This letter, however, may perhaps be accepted by the Committee as a substitute for any more detailed statement.

There are, however, a few special points concerning existing railway facilities and railway development in this locality to which I would wish to draw the Committee's attention.

(1) At present the trade seeking an outlet via the Cochin-Shoranur Railway is gravely handicapped by the break of gauge at Shoranur and by the inadequacy of rolling stock (which we know is a universal shortcoming).

(2) The likelihood of the Cochin Harbour Scheme becoming in the near future an undertaking of practical politics instead of merely a matter of academic discussion makes it of supreme importance that railway development in the shape of conversion or duplication of the existing Shoranur-Cochin Railway and of the construction of further railways should be undertaken without undue delay and that when taken in hand the question of gauge should receive mature consideration. The Chamber desires to emphasise this aspect of the position in view of the decision arrived at before the war to construct the Pollachi-Dindigal line on the metre gauge sytem, which, unless Pollachi were linked up through Palghaut with Trichur, would result in the entire trade of the Pollachi district being necessarily diverted to the East Coast although in point of mileage being this Chamber believes legitimately within the area which the Cochin port would expect to tap.

I may mention that the first of these two matters has been already brought to the notice of the Madras Chamber whose Chairman has very kindly consented to make verbal representations should opportunity allow to the Committee thereon.

I have, etc.,
W. T. ANDERSON,
Honorary Secretary.

Chamber of Commerce, Cochin, 24th January, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—I am in receipt of your letter of the 20th instant, and on behalf of the Chamber desire to thank you for your good services in our interests and in representing before the Railway Committee the fact that the Cochin Harbour projection will furnish a special claim upon railway development in this district.

I have, etc.,
E. A. COOPER,
Chairman.

SYSTEM OF SERIAL LOADING.

The Associated Chambers of Commerce of India and Ceylon,
Calcutta, 17th January, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to invite an expression of the opinion of your Chamber on the points raised by the Bombay Chamber of Commerce in the undernoted letter, of which I enclose a copy.

I have, etc.,
H. M. HAYWOOD,
Secretary.

[ENCLOSURE.]

Letter No. 98-54 of 1921, dated 13th January, 1921.

From—The Bombay Chamber of Commerce,

To—The Associated Chambers of Commerce of India and Ceylon.

I am directed to inform you that the Hon'ble Mr. A. H. Froom, upon the occasion of his recent visit to Simla, was approached by the Legal Member and the Member for Commerce with regard to the question of malpractices on Indian Railways, particularly in connexion with the allotment of wagons, and the increase during recent years of pilferage amongst goods under consignment. The Hon'ble Members stated in the above connexion that the Government of India would be grateful if the Committee of this Chamber would give the matter their careful consideration and would submit, as the result of their inquiries, recommendations to Government with a view to the introduction of any ameliorative measures they might consider practicable.

2. A Sub-Committee of this Chamber was accordingly formed for the above purpose and the resolutions comprising their report, which has been approved by my Committee, are given hereinunder for communication to the members of the Association for an expression of opinion as to the practicability, or otherwise, of the measures proposed.

Resolution 1.

3. That the Sub-Committee are of opinion that the system of serial loading (vide Appendix A), which has been in force on the Great Indian Peninsula Railway for some years past, has proved successful in meeting, to a large extent, the complaints of merchants in respect of the differentiation in the allotment of wagons by local Stationmasters. The Sub-Committee accordingly recommend that a similar system, subject to any alterations that may be necessary to meet special local conditions, be adopted, if possible by all railway administrations, throughout India.

Resolution 2.

That a copy of the foregoing resolution be sent to the Associated Chambers of Commerce of India and Ceylon for circulation amongst members of the Association and that the members be asked to state the extent to which in their opinion local conditions prevailing in the areas they represent will permit of its adoption.

Resolution 3.

That although the Sub-Committee understand that great care is taken by the railway administrations of such consignments, they are of opinion that the practice, so largely followed by merchants during recent years, of despatching consignments at owner's risk, is, under present conditions in the best interests of neither the railways concerned, nor the consigners, and should be curtailed so far as possible.

APPENDIX.—A.

Extract from the General Rules of the General Classification of Goods in force on the G. I. P. Railway.

38—A.—Registration of Goods waiting despatch.

I.—A sender desiring to despatch goods by railway will bring his goods into the Railway Yard and stack them on the platform in a manner prescribed and in a position to be pointed out by the Railway Company.

II.—Should the quantity of goods tendered be in excess of the accommodation available, the Railway Company will close its gates to the receipt of goods for despatch. The Railway Company will be the sole judge of when it is necessary to close its gates to the receipt of goods traffic, but it will endeavour to give notice at 18 hours the previous evening of its intention to do so. When the Railway Company opens its gates for the receipt of a limited quantity of goods only, on any day, the quantity to be received will be stated in the notice referred to.

III.—When a consignment is complete and ready for despatch the sender will tender a consignment note to the clerk appointed for the purpose, and the latter will enter the same in a Register, and give it a serial number which should be entered on the consignment note; and will indicate the order in which the consignments have been offered for despatch to the Railway Company. The sender or his agent tendering the consignment note for registration must sign his name in the appointed column as evidence that he releases the Railway Company from all liability until the Railway Receipt is granted.

IV.—When wagons are available, the consignment notes will be accepted from the sender and the consignments loaded according to the serial number marked on the consignment notes subject to the proviso that:—

(i) When the consignmentforms less than a wagon load, it may be forwarded out of turn by the daily road van service, or it may be detained by the Railway Company to secure a wagon load.

(ii) When the consignment is of a perishable nature, it shall be despatched at once.

V.—A Railway Receipt will not be granted until the consignment has been loaded, separate receipts being given for each wagon load.

VI.—The Railway Company will not be responsible for any goods that may be brought on their premises for despatch, until such time as they have been loaded and the Railway Receipt for the same given.

Chamber of Commerce, Madras, 30th March, 1921.

TO THE ASSOCIATED CHAMBERS OF COMMERCE
OF INDIA AND CEYLON,
Calcutta.

SIR,—In continuation of my letter dated the 24th ultimo, I am directed to inform you that a Sub-Committee appointed by

this Chamber has had the points raised by the Bombay Chamber in their letter No. 98-54 of 1921, dated the 13th February, 1921, under consideration.

With regard to Resolution Nos. 1 and 2, the suggestion that the system of serial loading in force on the Great Indian Peninsular Railway be adopted by other Railway Administrations throughout India. The opinion of the meeting was that this would not do much to minimise the malpractices in question, as it would simply shift their operations from the truck to the gate or goods shed. A copy of the circular issued by the Madras and Southern Mahratta Railway with the object of preventing corruption amongst the employees is enclosed for your information.

With regard to Resolution No. 3, the Sub-Committee do not quite understand the suggestion contained therein. If it was proposed that all goods should, in future, be booked at Railway Risk it is considered that the amount of extra handling in the shape of weighing, etc., which this would involve and the detention of goods entailed thereby would render it impossible for the Railway Companies to deal with the position, more especially when goods are being loaded in the Madras Harbour and prompt despatch is essential. This is apart from the serious handicap to trade generally due to the excessive freights involved.

It was generally considered that the position as regards claims for goods lost in transit was most unsatisfactory, the state of affairs being due to the peculiar judgement delivered in Bombay in connection with a case brought against a Railway, copy of which is enclosed. In this connection, it was suggested that the Associated Chambers of Commerce might consider bringing a friendly suit against one of the Railways with a view to obtaining a saner judgement in order to put matters on a more satisfactory basis. Apart from this, it was considered that the present form of Risk Notes "B" and "H" should be amended in such a manner so as to render the Railway Company responsible for shortages as bailees of goods should be. If this should entail a slight enhancement of rates, this must be faced but something considerably less than the Railway Risk Rates should meet the case.

I have, etc.,
H. E. H. Sladen,
Secretary.

[Enclosures.]

THE MADRAS AND SOUTHERN MAHRATTA RY. CO., LTD.

(Incorporated in England).

Circular No. T. 565.

1. In my circular No. T. 379 of 3rd August, 1918 I drew the attention of all staff to the harm to the good name of Railway Employees and the

probable damage to Railway business arising from the constantly repeated statement that Stationmasters and others are demanding money before giving merchants wagons and other facilities for the consignment of goods, and issued a warning that every case in which there were good grounds for believing that malpractices had been committed would involve dismissal from the Company's service.

2. This clear warning is repeated to all grades of staff, who are further informed that the undernoted offences, and others similar to them, which would not ordinarily be committed without ulterior motive, will be viewed most seriously, and I shall not hesitate to dismiss employees found guilty of them :—

(i). Failure to maintain Priority Register in accordance with para. 330, page 179, of Traffic Manual, Rule 41 (A), Page 18 of Goods Tariff, Part I, No. 5 and para. 3 below.

(ii). Failure to enter vehicles in the vehicle Guidance.

(iii). Failure to sign (in ink) in vehicle guidance for any vehicle detached at a station.

(iv). Detaching a vehicle at a station to which it is not booked without legitimate reason.

(v). Consigning of road goods in larger quantities than the amount allotted.

(vi). Consigning traffic contrary to restriction or prohibition orders.

(vii). Disobedience of the orders issued regarding the movement of rolling stock.

(viii). Unnecessary delay in the issue of Rail Receipts to consignors after goods have been booked.

(ix). Giving preference to particular consignments during transhipment.

3. In reference to para. 2, item I above, a Priority Register must until further orders be regularly maintained at every station whether there is pressure of wagons or not.

T. S. 7266.
MADRAS, 31*st March*, 1921.

F. B. WATHEN,
General Traffic Manager.

BOMBAY LAW COURTS.

ORIGINAL SIDE.

The Burden of Proof.

(Before the Hon'ble Mr. Justice Kajiji).

The Central India Spinning and Manufacturing Co., Ltd., (Plaintiffs) vs. the G. I. P. Ry. Company (Defendants).

In this suit the plaintiff company's case was that in August, 1918, they delivered to the defendant company at Nagpore 57 bales of piece goods to be conveyed from Nagpur to Amritsar, and defendant company issued a Railway receipt to the plaintiffs. The goods were carried over the Railway of the defendant company from Nagpur to Delhi, then over the East India Railway from Delhi to Ambala, and lastly over the North Western Railway from Ambala

to Amritsar. The goods arrived at Amritsar on or about the 6th September, 1918, when the Railway Company delivered only 54 out of the 57 bales to the plaintiffs consignees. The plaintiffs claimed Rs. 1,582-7 being the value of the 3 bales short delivered. The goods were booked under a risk note in the usual form.

The defendant company's case was that they admitted the fact of the consignment, but said that reduced or owner's risk rates were charged in respect of the said bales. They admitted that 3 bales were short delivered but they submitted that they were not liable for the loss under the terms of the risk note. They denied the allegations of the plaintiffs that the loss of the three bales was due to either the wilful neglect of the defendant company or to theft by or wilful default of their servants or agents. They called for further and better particulars of the charges made by the plaintiffs; but the plaintiffs expressed their inability to furnish the same.

At the hearing Mr. Mulla and Mr. Coltman appeared for the plaintiffs.

Mr. Campbell, with the Hon'ble the Advocate-General, appeared for the defendants.

Mr. Campbell, at the outset, submitted that as the plaintiffs had failed to furnish the particulars of the charges made against the defendants, they should not be allowed to proceed with the case. Only vague allegations were made in the plaint, and they were called upon to fight a shadowy claim.

Mr. Mulla submitted that the primary question was on whom burden of proof lay in such a case. There was a mass of information regarding the carriage of the bales within the defendants knowledge. Counsel contended that Section—76 of the Railway Act applied by which in case of loss of goods on a Railway it was not necessary for the plaintiff to prove how the loss was caused. The reason of this rule was to be found in Section 106 of the Evidence Act, which said that when facts were within the special knowledge of a party the burden of proof of those facts was on him. Counsel submitted Section 106 of the Evidence Act applied to the case, and as explained by the decision of the Privy Council in 20 Bom., L.R. 735, it was for the defendants to begin and place before the court the facts within their knowledge.

Mr. Campbell said that the argument of the other side was perverted and misleading. The Privy Council case had no application. Section 103 of the Evidence Act applied, which said that the burden of proof was on that side which would fail if no evidence were given on either side. If neither side gave evidence in this case the plaintiffs would fail. In the Privy Council case the cause of the loss was known viz., fire. Here the cause was not known. The plaintiffs were alleging wilful neglect of the Company, and theft and wilful default of the servants of the company, and they must prove them. Counsel cited 21 Bom. L.R. 799 and 41 Cal. 576 and said that the decisions of the Indian Courts were uniform that Section 103 of the Evidence Act applied and the burden of proof was on the plaintiffs.

His Lordship, disposing of this preliminary point, said that it was conceded that, according to the Indian decisions up to now, the burden of proof was on the plaintifts. He thought he was bound by the decision of the Bombay High Court in 21 Bom. L.R. under the Privy Council case in 20 Bom. L.R. was clearly applicable. That case His Lordship thought applied only to a case under Section 76 of the Railway Act. When there was a loss and the cause of the loss was not known to the plaintiff, it was but fair that the defendants must be made to place before the court the information within their knowledge. But where the plaintiffs alleged that the loss was due to wilful neglect, theft, etc. of the defendant company's agents and servants, the plaintiff must prove it. He was of opinion that the onus was on the plaintiffs. The risk note was clear that the Railway Company would not be liable unless the loss fell within the three exceptions. It might appear hard to require the plaintiffs to prove all this. But the court had to administer the law as it stood. If consigners signed documents in those terms they must take the consequence of their act. It was for

the legislature to amend the Act if it operated harshly on consigners. His Lordship further ordered the plaintiffs to furnish the defendants with the particulars of the charges made by them against the company and its servants, and agents.

(Ry. Dept.) Royapettah P. O., Madras, 9th September, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I shall be glad to have your views and remarks on the systems now in existence on the Madras and Southern Mahratta and South Indian Railways of registration of requisitions for, and the allotment of wagons to merchants.

I have, etc.,
G. BAMARDEN.
Senior Government Inspector.

Chamber of Commerce, Madras, 20th September, 1921.

TO THE SENIOR GOVT. INSPECTOR OF RAILWAYS,
Royapettah.

SIR,—I am directed to acknowledge the receipt of your letter No. 597 dated the 9th September and to state that it is receiving the attention of the Chamber for the present.

I have, etc.,
H. E. H. SLADEN.
Secretary.

Chamber of Commerce, Madras, 30th September, 1921.

TO THE SENIOR GOVT. INSPECTOR OF RAILWAYS,
Royapettah.

SIR,—In continuation of my letter of the 20th instant, I am directed to state that the systems now in existence on the Madras and Southern Mahratta Railway and the South Indian Railway of registration of requisitions for, and the allotment of wagons to, merchants were discussed at the last General Monthly Meeting of the Chamber held on the 27th idem when it was resolved that so far as the Chamber is concerned considering the shortage of rolling stock the present systems are working satisfactorily. The Chamber has no suggestions to offer.

I have, etc.,
H. E. H. SLADEN.
Secretary.

LIABILITY FOR PAYMENT OF DEMURRAGE CHARGED BY RAILWAYS ON ACCOUNT OF WAGONS HELD UP IN CONSEQUENCE OF A GENERAL STRIKE.

Tata Iron and Steel Co,, Ltd., Fort, Bombay, 4th May, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—We beg to bring to the notice of your Chamber the difficult position of industries as regards their liability for payment of demurrage charged by railways on account of wagons held up in consequence of a general strike at their works.

2. Owing to a general strike at our works at Jamshedpur in March, 1920, which lasted for 26 days, several wagons of the Bengal-Nagpur Railway carrying load on our account were held up either at the exchange sidings at Tatanagar or outside the exchange sidings and at wayside stations. The Bengal-Nagpur Railway charged us over Rs. 1,00,000 (one lakh) for demurrage during the whole period of the strike on account of such detention. Our General Manager protested against the payment of these charges but ultimately paid the same having regard to our close association with the railway in question.

3. Subsequently we took up the question with the railway with a view to arriving at some arrangement whereby in the event of strikes at our works, we could avoid these charges in future.

4. The Bengal-Nagpur Railway state that they are unable to give us any relief or to come to any arrangement with us, as under the existing Rules for interchange of wagon stock, every foreign railway wagon on the B. N. Railway is qualifying for hire charges which have to be met by the B. N. Railway and under the present system of a general pool two thirds of the B. N. Railway traffic is carried in wagons of foreign railways.

5. With the present disturbed condition of labour this question is likely to become one of considerable importance to all industries in the country and we think it would be as well to represent to Government and the railways that some definite principle should be laid down. The argument that the benefit of "force majeure" should not apply in the case of transport because wagons are at present pooled seems to have no particular validity. In such a case it could be arranged between the railways concerned that any concession extended to an industry affected by a strike should be shared between them proportionately.

6. We understand that the question of exempting wagons from hire charges, when such wagons are detained on account

of strikes on railways, is one of the subjects to be discussed at the next Railway Conference to be held some time in October next.

7. We therefore suggest that your Chamber should take up this question, which, no doubt, you will agree is one of considerable importance to all industries, with the Railway Board, and we suggest that in future it should be accepted as a principle that where a strike breaks out at the works of a company without warning while wagons are actually in transit, then such company should not be held liable for demurrage, but where wagons are loaded and despatched at the request of the company after a strike has broken out, the company should be held liable for demurrage.

8. Copies of this letter are being sent to the Bombay Chamber of Commerce, Bengal Chamber of Commerce, the Indian Merchants' Chamber and Bureau, the Jute Mills Association, the Cotton Mills Association and the Metallurgical Industries Association.

We have, etc.,
TATA SONS, LTD.,
Agents.

Chamber of Commerce, Madras, 3rd June, 1921.

TO MESSRS. TATA SONS AND CO.,
Fort, Bombay.

SIRS,—Your letter No. G 715-21, dated the 10th ultimo having received due consideration by the Chamber, I am directed to reply that whilst sympathising with you the Chamber cannot accept the principle laid down by you in paragraph 7 of your letter and does not propose to address the Railway Board. It is the Chamber's opinion that such a matter can hardly be legislated for by hard and fast rules but is one for individual negotiation and friendly arrangement between companies and railways.

I have, etc.,
H. E. H. SLADEN,
Secretary.

WAGON RESTRICTIONS ON S. I. RAILWAY.

The Bombay Company Limited, Madras, 2nd February, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—We wish to draw the attention of the Chamber to the notice appearing in the *Madras Mail* regarding the restriction of traffic on the S. I. Railway line between Madras and Danushkodi from the 4th to the 28th instant inclusive.

According to this notice booking of goods traffic between the stations named will be limited to perishables and live stock from the 4th to the 28th instant. This is in order to facilitate dealing with pilgrims traffic in connection with a festival at Kumbakonam.

The exact difficulties of the railway are of course unknown to us (though it is probably a question of engines) but the fact that they did not consider the suspension of all ordinary goods traffic for a period of 25 days of sufficient importance to warn the Chamber of it in advance leads us to believe that they do not realise in the least the very serious inconvenience to traders that such a stoppage entails.

We think therefore that if the Chamber were to represent the matter strongly to the railway it might be found possible to modify the restriction in question.

We all know that pilgrim traffic pays the railway better than ordinary goods traffic but we cannot believe that the railway would be so cynically indifferent to the interests of traders or their own responsibilities as public carriers as to be guided solely by this consideration when the position is put plainly before them.

As the railway have for many months past been unable to cope with the goods traffic we are wondering how they propose to deal with the arrears and congestion which a stoppage of 25 days will entail.

We are, etc..

THE BOMBAY CO., LTD.,

Chamber of Commerce, Madras, 4th February, 1921.

TO THE AGENT, SOUTH INDIAN RAILWAY,

Trichinopoly.

SIR,—I am directed by the Chairman to enclose a copy of a letter, dated the 2nd February, 1921, received from a member of the Chamber in regard to the restriction of traffic on the South Indian Railway line between Madras and Danushkodi.

I am to say that the Chamber views the matter with some alarm and am to request that you will kindly furnish me urgently with a reply explaining the reasons which led to the imposition of the restriction in question and also inform me of any action that you propose taking to remedy the grievance.

I have, etc.,

O. KERSHAW,

Secretary.

Chamber of Commerce, Madras, 4th February, 1921.

TO THE BOMBAY CO., LTD.

Madras.

SIRS,—I am directed by the Chairman to acknowledge the receipt of your letter, dated the 2nd instant, in regard to the restriction of traffic on the South Indian Railway line between Madras and Danushkodi and to say that it will be placed before the railway authorities concerned.

A further communication will be addressed to you on hearing from them.

I have, etc.

O. KERSHAW.

Secretary.

South Indian Railway Co., Ltd., Trichinopoly, 10th February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,

Madras.

SIR,—Referring to your letter of the 4th February on the subject of restriction of goods traffic on the South Indian Railway between Madras and Danushkodi, I have to inform you that the restriction was introduced owing to the difficulty in finding sufficient engine power to carry on the ordinary goods service as well as the heavy traffic in connection with the Mahamagam festival at Kumbakonam. Two goods trains, however, will be run daily in both directions, and on reaching Mayavaram will be diverted via Tiruvallur to Tanjore for stations south of the last named. Further, in order that railway coal loads for Trichinopoly and south thereof shall not absorb any of the accommodation on these two trains, such traffic will be consigned via the broad gauge to Erode and there transhipped. I trust that these arrangements will in some degree lessen the difficulty.

I have, etc.,

ROSS M. LOGAN,

Ag. Agent,

Chamber of Commerce, Madras, 12th August, 1921.

TO THE GENERAL TRAFFIC MANAGER,

SOUTH INDIAN RAILWAY CO., LTD.,

Trichinopoly.

SIR,—I am writing to draw your attention to the question of the difficulty which is being experienced at present by merchants in Madras in obtaining wagon space for cotton piece-goods to Madura and to stations in the south generally.

After a period of the most acute depression piece-goods have commenced to move again, but the impossibility of booking consignments at present to Madura, etc., prevents merchants from taking advantage of this improvement in the trade. A member of this Chamber who called upon the District Traffic Superintendent at Egmore this morning was informed that under your orders booking for Madura is entirely suspended. I think you will realise what a difficulty merchants in Madras will be faced with if they are unable to move their stocks into the consuming districts. I am writing to appeal to you to give all the possible help you can in the way of providing wagons for piece-goods. The matter really is extremely urgent, and trust you will grant all assistance in your power.

I have, etc.,

J. F. SIMPSON,

Chairman.

South Indian Railway Co., Ltd. Trichinopoly, 15th August, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,

Madras.

SIR,—In acknowledging receipt of your letter, dated the 12th August, 1921, I beg to inform you that our trouble lately has been serious congestion in the Trichinopoly Junction yard due to an abnormal rush of traffic for south of Trichinopoly both from the Madras and the Central Districts and also from the broad gauge *via* Erode with the result that we have had to very considerably restrict traffic for south of Trichinopoly until the situation here is eased.

We have not got sufficient engines to clear all the through traffic offering and our coal has to be moved to keep the trains going.

I have, however, to-day wired to the District Traffic Superintendent, Madras, to see you personally and to arrange for the provision of a proportionate supply of wagons, and I will see that everything possible is done to assist you in the matter.

I have, etc.,

A. W. ACRES,

General Traffic Manager.

Telegram from the Chamber of Commerce, Madras, dated the 25th August, 1921, to the Agent, South Indian Railway, Trichinopoly.

Reference telegram from Binny and Co., twentieth instant regarding pressed cotton awaiting wagons at Tirupur Station

understand nine hundred and fifty-five bales value two lakhs still unclaimed bales exposed and liable to damage heavy loss being sustained can nothing be done to relieve the situation.

Telegram from the Agent, South Indian Railway, Trichinopoly, dated the 27th August, 1921; to the Secretary, Chamber of Commerce, Madras.

Eighty-four wagons being held up in Moplah area and with present dislocation of traffic wholesale clearance impossible at present. Endeavouring meet situation with available stock giving preference to shipment traffic. Understand Tirupur has loaded on average 11 wagons daily mostly cotton district; Traffic Superintendent directed to give matter special attention and report action taken.

Chamber of Commerce, Madras, 31st August, 1921.

TO THE AGENT, SOUTH INDIAN RAILWAY,
Trichinopoly.

SIR,—I beg to advise you that your letter of the 15th instant and your telegram of the 26th August in regard to restriction of traffic south of Trichinopoly were considered at the General Monthly Meeting of the Chamber when the following resolution was adopted:—

"Resolved to thank the Agent, South Indian Railway Co., Ld., for his letter of the 15th and telegram of the 26th instant. The Chamber is not unaware of his difficulties owing to wagon and engine shortage and has no desire to harass him with constant complaints. The Chamber believes that the Agent is doing his utmost to prevent congestion of traffic and again commends to his attention the Chamber's telegram of the 25th instant anent large quantities of cotton being held up at Tirupur."

I have, etc.,
H. E. H. SLADEN,
Secretary.

INDIAN RAILWAY POLICE COMMITTEE.

Railway Police Committee, Delhi, 15th January, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to the Government of India, Resolution No. 114, dated the 13th January, 1921, regarding the appointment of a Committee to enquire into the reorganisation of the Railway Police in India, I am directed to inform you that

the Committee will be visiting Madras from about the 1st to 8th February, and I am to ask that in the event of the President or any members of your Chamber being desirous of placing their views before the Committee, you will kindly furnish me with the names of these gentlemen.

2. I enclose five copies of the questions (omitted) Railway and Police Officials are being asked to answer. They will serve as a guide to the scope of the enquiry and in this way may, it is hoped, prove useful to any members of your Chamber who wish to lay their views before the Committee.

I have, etc.,
H. ROSS,
for *Secretary.*

Railway Police Committee, Delhi, 20th January, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—In continuation of this Office No. 4-P, dated the 15th January, 1921, I have the honour to forward herewith a copy of the tour programme of the Railway Police Committee for your information and to request the favour of being furnished with a list showing the names of the gentlemen who would be desirous of placing their views before the Railway Police Committee.

I have, etc.,
H. C. HUNT,
Secretary.

GOVERNMENT OF MADRAS

HOME (JUDICIAL) DEPARTMENT

COMMUNIQUE

Fort St. George, January 26, 1921.

The Railway Police Committee, which has been appointed by the Government of India, will be in the Madras Presidency from the 1st to the 8th February. Members of the public who desire to put their views before the Committee are invited to apply to the Secretary, Railway Police Committee, care of Chief Secretary to the Government of Madras, Fort St. George.

2. A list of questions on points arising out of the terms of reference will be furnished to intending witnesses on application and they will be invited to discuss their views orally with the Committee in the course of its tour.

3. The Committee has been instructed to enquire into the adequacy of the arrangements made for the protection of passengers and goods, and they cordially invite all who are in a position to advise them on matters connected with the enquiry to favour them with their views.

A. R. KNAPP,
Chief Secretary.

Chamber of Commerce, Madras, 1st *February,* 1921.

TO THE SECRETARY, RAILWAY POLICE COMMITTEE,
Chepauk, Madras.

SIR,—I have the honour to acknowledge receipt of your letters of the 15th and the 20th ultimo, and telegram of the 18th idem.

I am afraid my absence from Madras has prevented our Chamber from giving your communications the attention due to them. I understand, however, that you called at the Chamber Office yesterday when no doubt the Secretary explained the position to you.

2. The questionnaire of your Committee has been circulated to the members of the Chamber and I regret to state that none of the members has volunteered to give evidence. Since my return from Calcutta yesterday I have discussed the matter with some members of the Committee and the conclusion we have arrived at is that our Chamber could not put before your Committee any evidence that would likely be of advantage to your Committee. The Chamber, as a fact, is not in a position to deal with the questionnaire and has really no experience to answer any of the questions save perhaps No. 20 and even then it could only be in a general way, e. g., corroborating the evidence in this connection given by the Commissioner of Labour before the Railway Committee which sat here last week.

3. I think therefore attendance of our Chamber might be excused, but if your Committee is of opinion that a general talk would serve any useful purpose I shall make a strong effort to attend, on hearing from you, on Friday, the 4th instant at 11 A.M.

I have, etc.,
J. F. SIMPSON
Chairman.

Railway Police Committee, Camp, Madras, 2nd February, 1921.

To the Secretary, Chamber of Commerce,
Madras.

Sir,—In continuation of this office letter No. 4-P., dated the 15th January, 1921, forwarding among other enclosures copies of questionnaire No. V for Railway Police Officers, I am directed to say that a mistake in the Printing Press has been discovered in the above form. I am therefore to forward herewith correct copies (5 copies) of the form and to request that they be issued to those officers who have been selected to give evidence before the Committee. If the forms sent with my letter No. 4-P. dated the 15th January tally with those sent herewith, no further notice need be taken, but if they do not, the copies forwarded herewith should be treated as the authentic ones and should be filled in by officers concerned and produced before the Committee.

I have, etc.,
H. C. Hunt,
Secretary.

Old Engineering College, Chepauk, 2nd February, 1921.

Dear Mr. Simpson,

Thank you for your letter of 1st February.

Regarding the questionnaire sent to you the Committee have since found that this is quite unsuited to Chambers of Commerce and Commercial Associations and have drawn out another one a copy of which I now send you. I also send you for perusal Mr. Grantham's evidence before the Committee in Bombay to give you some idea of what is wanted. Would you please return the statement for bearer after perusal. I have noted your name for attendance on Friday, 4th, at 11 A.M.

Yours sincerely,
H. C. Hunt,

Chamber of Commerce, Madras, 2nd February, 1921.

To the Secretary, Railway Police Committee,
Chepauk, Madras.

Dear Mr. Hunt,

I have to thank you for your letter of date.

I am afraid I have no time to study Mr. Grantham's evidence before the Committee in Bombay and as requested return it herewith.

As for the new questionnaire, I only wish there had been time to circulate this to the members of the Chamber of Commerce and get their views in the matter. To-morrow being mail day it will be useless expecting members to attend to it. I shall attend at your Committee on Friday, 4th, at 11 A.M. and do my best in the matter although I must confess that I have little or no personal experience to throw much light on your questions as a whole.

Yours sincerely,

J. F. SIMPSON,

Chairman.

DECK PASSENGER COMMITTEE.

GOVERNMENT OF MADRAS.

FINANCE (MARINE) DEPARTMENT.

G. O. Mis. No. 61, *dated* 25*th February*, 1921.

READ the following paper:—

G. O. No. 49, *Mar., dated* 19*th February*, 1921.

From the Secretary, Deck Passenger Committee, No. 27, dated Calcutta, the 18th February, 1921.

I am directed to refer to the Resolution by the Government of India in the Department of Commerce, No. 1088, dated the 5th February, 1921, on the subject of the appointment of a Committee to consider the question of improving the standards of accommodation and sanitary conveniences at present provided for deck passengers under the Native Passenger Ships Act, 1887, and the rules made thereunder, in order to prevent the overcrowding of such passengers and to ensure their better health and comfort.

2. This Committee has now assembled at Calcutta and intend to visit the Madras Presidency shortly. They will probably visit the following places:—Madras and Cocanada, but I will inform you definitely in the course of the next few days as to the Committee's actual programme. In the meantime, I am to forward, for your information, 12 copies of a list of questions on points arising out of the terms of reference of the Committee. A communiqué is being issued in the more important newspapers in India, explaining that the Committee is prepared to receive evidence, and it is hoped by this means to secure the attendance of such members of the public, etc., as may be interested. The Committee would, however, be glad of an opportunity of interviewing also the marginally noted officials (omitted) in the places in the Madras Presidency which they may

visit and I am to request that, if there is no objection, they may be asked to fill in the answers to the questions in the list enclosed and to return the list direct to me as soon as possible. It would be convenient if the officials would let me know at the same time on what dates it would be convenient for them to appear before the Committee and I would then arrange an interview with them direct. If there are any other officials whom the local Government would like the Committee to interview they will be happy to see them, and I am to request that they should also be asked to fill in a copy of the questionnaire now forwarded and to send it to me direct.

3. In conclusion I am to request that the Committee may be furnished urgently with a statement showing the number of passengers carried year by year, during the last ten years, from and to each port in the Madras Presidency, on vessels to which the Native Passenger Ships Act, 1887, applies.

(By Order of the Governor in Council)

R. A. GRAHAM,
Secretary to Government.

Office of the Deck Passenger Committee, New Custom House, Bombay. 22nd March, 1921.

TO THE SECRETARY, CHAMBER of COMMERCE,
Madras.

SIR,—As you are no doubt aware the Government of India have appointed the above Committee to advise them what amendments, if any, it is desirable in modern conditions to make in the Native Passenger Ships Act, 1887, and the rules made thereunder, in order to prevent overcrowding of deck passengers and to ensure their better health and comfort. Members of the public who desire to put their views before the Committee have been invited by means of a communiquè which has appeared in the chief Madras newspapers and of which a copy is enclosed to apply to me for a copy of the list of questions on points arising out of the terms of reference to the Committee.

I have, etc.,
E. F. ROGERS,
Secretary.

Chamber of Commerce, Madras, 25th March, 1921.

TO THE SECRETARY, DECK PASSENGER COMMITTEE,
c/o The Presidency Port Officer,
Madras.

SIR,—I am directed to acknowledge the receipt of your letter No, 191 dated the 22nd March, 1921, forwarding a copy of the questionnaire and to inform you that the members of the

Chamber have little or no information on the matter and consequently they cannot with advantage give any useful evidence before your Commission.

I am to add that the Chairman Mr. J. F. Simpson, M.L.C., would have been happy to have attended and explained this in person had he not been compelled to be absent from Madras on business during the period of the visit of your Commission.

I have, etc.,

O. P. CHETTY,

for *Secretary.*

THE USE OF BLANK TRANSFERS IN SHARE TRANSACTIONS

Revenue Department, Fort St. George, 27th January, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,

Madras.

SIR,—I am directed to forward a copy of the letter from the Government of India No. 3275-F, dated the 30th December, 1920, regarding the use of blank transfers in share transactions and to request that the Governor in Council may be favoured at an early date with the opinion of your Chamber on the subject.

I have, etc.,

————,

for *Acting Secretary to Government.*

[ENCLOSURE.]

Finance Department, Delhi, 30th December, 1920.

TO THE CHIEF SECRETARY TO GOVERNMENT, REVENUE DEPT.,

Madras.

SIR,—From time to time the subject of the use of blank transfers in share transactions has been brought to the notice of the Government of India. Under existing practice a seller of a block of shares attaches a stamp to the deed of transfer which he has signed, but the name of the purchaser is not at that stage ordinarily inserted. The shares with a blank deed attached may change hands a number of times before they ultimately pass into the possession of a buyer who decides to keep them and to register himself as their holder. He then signs the deed and the transfer is complete.

2. From the point of view of the loss of revenue which is involved in this practice, Government is interested in securing its discontinuance or at any rate in placing a check on it, while it is understood that there is a considerable body of commercial opinion which would favour any procedure which might have such an effect.

3. Short of declaring blank transfers illegal, the Government of India have never had a practical suggestion put before them which would in their opinion be sufficient to stop the practice. The evasion of the law in the circumstances is easy and it is difficult to devise a scheme according to which

it would be to somebody's interest to see that the law was conformed to. It has, however, been recently suggested that action on the lines of Sections 77 and 78 (copy enclosed) of the English Finance Act of 1910 would operate in the direction of protecting the revenue. These sections impose upon each contract note a stamp duty varying from between 1-40th to 1-200th per cent., require all contracts for the purchase and sale of shares to be covered by a contract note so stamped, and declare the broker's right to a commission to be not enforcible unless the contract note was duly stamped.

4. The adoption of similar provisions in India would probably secure that transactions in shares would contribute to the stamp revenues. It is possible, however, that commercial considerations are of sufficient weight to make such a proposal unsuitable for India.

5. I am therefore to ask that, if the Governor in Council has no objection, the matter may be referred to the local Chambers of Commerce, European and Indian, and to any other bodies or individuals concerned, and the Government of India favoured with your opinion on the subject after considering their replies.

I have, etc.,

(Sd.) J. C. NIXON,

Under Secy. to the Govt. of India.

Extract from the Finance Act, 1910 (10 Edw. VII, Chapter 8).

* * * *

77. (1) There shall be charged on every contract note as defined by this section for or relating to the sale or purchase of any stock or marketable security the following stamp duties :—

Where the value of the stock or marketable security is £5 and does not exceed £100. Six pence.

exceeds	£100	and does not exceed	£500	One shilling.
,,	£500	,, ,,	£1,000	Two shillings.
,,	£1,000	,, ,,	£1,500	Three shillings.
,,	£1,500	,, ,,	£2,500	Four shillings.
,,	£2,500	,, ,,	£5,000	Six shillings.
,,	£5,000	,, ,,	£7,500	Eight shillings.
,,	£7,500	,, ,,	£10,000	Ten shillings.
,,	£10,000	,, ,,	£12,500	Twelve shillings.
,,	£12,500	,, ,,	£15,000	Fourteen shillings.
,,	£15,000	,, ,,	£17,500	Sixteen shillings.
,,	£17,500	,, ,,	£20,000	Eighteen shillings.
,,	£20,000			One pound.

(2) Where a contract note is a continuation of carrying over note made for the purpose of continuing or carrying over any transaction for the sale or purchase of stock or marketable securities, the contract note, although it is made in respect of both a sale and purchase, shall be charged with duty under this section as if it related to one of those transactions only, and, if different rates of duty are chargeable in respect of those transactions, to that one of those transactions, which would render the contract note chargeable at the highest rate.

(3) For the purposes of this part of this Act, the expression "contract note" means the note sent by a broker or agent to his principal, or by any person who by way of business deals, or holds himself out as dealing, as a principal in any stock or marketable securities, advising the principal, or the vendor or purchaser, as the case may be, of the sale or purchase of any stock or marketable security, but does not include a note sent by a broker or agent to his principal where the principal is himself acting as broker or agent for a principal, and

is himself either a member of a stock exchange in the United Kingdom or a person who *bona fide* carries on the business of a stock broker in the United Kingdom, and is registered as such in the list of stock brokers kept by the Commissioners.

(4) Where a contract note advises the sale or purchase of more than one description of stock or marketable security, the note shall be deemed to be as many contract notes as there are descriptions of stocks or securities sold or purchased.

78 (1). Any person who effects any sale or purchase of any stock or marketable security of the value of five pounds or upwards as a broker or agent, and any person who by way of business deals, or holds himself out as dealing, as a principal in any stock or marketable security, and buys or sells any such stock or marketabte security of a value of five pounds or upwards, shall forthwith make and execute a contract note, and transmit the note to his principal, or to the vendor or purchaser of the stock or marketable security, as the case may be, and in default of so doing shall incur a fine of twenty pounds: Provided that this secton shall not apply in the case of transactions carried out in the course of their ordinary business relations between members of stock exchanges in the United Kingdom.

(2) If any person makes or executes any contract note chargeable with duty and not being duly stamped, he shall incur a fine of twenty pounds.

(3) No broker, agent, or other person shall have any legal claim to any charge for brokerage, commission, or agency, with reference to the sale or purchase of any stock or marketable security of the value of five pounds or upwards, if he fails to comply with the provisions of this section.

(4) All stamp duties on a contract note are to be denoted by an adhesive stamp appropriated to a contract note, and the stamp is to be effectively cancelled by the person by whom the note is executed by writing on or across the stamp his name or initials, or the name or initials of his firm, together with the true date of his so writing.

(5) Any stamp duty on a contract note may be added to the charge for brokerage or agency, and shall be recoverable as part of such charge.

* * * *

Chamber of Commerce, Madras, 4th March, 1921.

TO THE SECRETARY TO GOVERNMENT, REVENUE DEPT.,
Madras.

SIR,—I have the honour to acknowledge the receipt of your letter No. 96-C-21-2, dated the 27th January, 1921, in regard to the use of blank transfers in share transactions, and in reply I am directed to state that this Chamber sees no objection to the adoption as a means of protecting revenue of a scale of stamp duty on the lines of the sections of the English Finance Act quoted by you. This Chamber does not however consider that the stamping of contracts on these lines would have any appreciable effect on the practice of dealing in blank transfers.

The Chamber are unable to suggest any practical scheme which could be made effective as a means of stopping the practice without seriously hampering the transaction of business in active share markets.

I have, etc.,
H. E. H. SLADEN,
Secretary.

THE AMENDMENT OF THE INDIAN COMPANIES ACT TO CHECK THE FLOTATION OF BOGUS COMPANIES.

Law (Judicial) Department, Fort St. George, 19th January, 1921.

To the Chairman, Chamber of Commerce,

Madras.

Sir,—I am directed to invite a reference to the correspondence ending with your reply to this Government's letter No. 1,053 C-2, dated the 19th March, 1920, and to forward a further letter received from the Government of India, Department of Commerce, No. 141 dated the 6th January, 1921, containing a revised proposal to amend the Indian Companies Act so as to check the flotation of unsound or bogus companies and to request that you will be so good as to favour this Government at an early date with the views of your Chamber on the present proposal.

I have, etc.,

———,

for *Secretary.*

[Enclosure.]

From the Government of India, Department of Commerce, Delhi No. 141, dated the 6th January, 1921.

I am directed to refer to the correspondence ending with your letter No. 1836, dated the 28th July, 1920, communicating the views of the local Government and of the commercial bodies and others who were consulted on the question of imposing an *ad valorem* duty of ¼ per cent, on the nominal capital of all companies registered under the Indian Companies Act, 1913.

2. The replies which have been received to this Department's letter No. 2112-D, dated the 10th March, 1920, indicate a considerable diversity of opinion. On the one hand, it is considered that the proposed duty would not be sufficient to deter the flotation of unsound or bogus companies, or even to check appreciably the inflation of nominal capital. On the other hand, it is represented that it would discourage the growth of the investment habit which has not yet taken firm root in India, and would hamper legitimate enterprise. These views are to some extent mutually destructive. But since opinion as to its efficacy is so divided, the Government of India have decided not to proceed with the proposal.

3. At the same time, the Government of India are impressed with the need for taking action, if this is practically possible, to check the excessive inflation of nominal capital for " window-dressing " purposes. The figures given by the Government of Bengal for the years 1918-19 and 1919-20 show that the total nominal capital of companies in the Bengal Presidency increased by 87 per cent, while the paid-up capital increased by only 17.7 per cent. A suggestion has been received that the law should be amended so as to provide that the minimum subscription on which the Directors may proceed to allotment and the company commence business should bear a reasonable proportion to the amount of the authorised capital. As the law now stands, Section 93 (i) (d) of the Indian Campanies Act requires that the prospectus of a company should state the minimum subscription on which the Directors may proceed to allotment. The ratio of the minimum subscription to the authorised capital should, for the intelligent reader, be a fair indication of the *bona fides* of the flotation. And in the United Kingdom, where the law is the same, this is regarded as an

adequate safeguard. But conditions are different in the United Kingdom where there is a powerful financial press, and Commercial Intelligence generally is more highly developed. In India, it seems doubtful whether the provisions of Section 93 (1) (d) of the Indian Companies Act are sufficient to protect the more ignorant investor. The Government of India, therefore, are inclined to think that the law might advantageously be amended in the manner suggested. It should be stated that there is precedent for such an amendment in other parts of the Empire. Section 21 of the Victorian Companies Act of 1896 provides that no company shall commence business until one-third of the shares has been subscribed and one-fourth of the subscribed capital paid up. Again, under Section 26 of the Canadian Companies Act of 1906, business cannot be commenced under penalty of liability of the directors to the creditors until 10 per cent. of the capital has been subscribed and paid up.

4. I am now to request that the Government of Madras after consulting such commercial or other bodies as may be thought desirable will favour the Government of India with an expression of their views on the proposal to amend the Indian Companies Act in the manner suggested. In particular, the Government of India would be glad of an opinion on the following points :—

(1) Should the Indian Companies Act require that a minimum percentage of the authorised capital should be subscribed before allotment is permitted?

(2) Should the Indian Companies Act require that a minimum percentage of the authorised capital should be paid up before allotment is permitted ?

(3) If so, what should the minimum percentages be ?

Chamber of Commerce, Madras, 11th March, 1921.

TO THE SECY. TO GOVT., LAW (JUDICIAL) DEPARTMENT,
Madras.

SIR,—In reply to your letter No. 150 C-2, dated the 19th January, 1921, I have the honour to inform you that the Committee of the Chamber have carefully considered the matter and are of opinion that with regard to the points raised in para 4 of your letter under reply the minimum percentages should be 30 per cent. in the case of No. 1 and 25 per cent. in the case of No. 2.

I have, etc.,
H. E. H. SLADEN,
Secretary.

PROPOSED LEGISLATION FOR THE USE OF THE TERM "BANK" IN INDIA.

Home (Judicial) Dept., Fort St. George, 1st December, 1920.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to forward a copy of a letter from the Government of India in the Department of Commerce, No. 8071,

dated the 17th November, 1920, regarding a proposal to effect certain changes in the banking law of India and to request that you will be so good as to favour this Government at an early date with the views of your Chamber on the proposal. The Government will be glad if the reply could be sent by the first week of January, 1921.

I have, etc.,

———,

for *Secretary.*

[ENCLOSURE.]

From the Government of India, Department of Commerce, No. 8071, dated the 17th November, 1920.

In the letter of the Department of Commerce and Industry, No. 6905-6918-11, dated the 22nd August, 1913, all Local Governments and Administrations were addressed on the question whether legislation should be undertaken in connection with the use of the term "bank" in India. The replies to this reference were all received by April, 1915, but the consideration of the subject was held up by the war. The Government of India, however, have recently brought the question under examination and I am now to address you again on the subject.

2. After considering the replies to the Circular letter referred to in the preceding paragraph, the Government of India came provisionally to the conclusion that it was doubtful whether any useful purpose would be served by the adoption of the suggestion that restrictions should be imposed on the use of the term "bank" and that it would be wiser, in the first instance at any rate, to content themselves with legislation designed merely to amplify the particulars which under Section 136 of the Indian Companies Act banks are required periodically to publish. It was thought that if banks registered under the Indian Companies Act were required to publish at short intervals a more complete statement of their position than the statement in form G in the Third Schedule of the Act at present affords, a small but useful change, which would go far towards safeguarding the interests of the public, would be effected in the banking law of India, and that the advisability of introducing other more drastic changes in the law might safely be left for future consideration. Accordingly the Government of India took advantage of the recent meeting of the Indian Legislative Council and of the presence in Simla in connection with the Imperial Bank Bill, of a number of bankers to convene a small Committee composed mainly of gentlemen with special knowledge of the subject, to consider (i) in what respects form G referred to above might usefully be amplified, and (ii) at what intervals the revised statement should be published.

3. The Committee, which was composed of four gentlemen intimately connected with banking in India, a member of the Bengal Chamber of Commerce, and three officials of the Government of India, took as their model the form of monthly statement proposed by the Committee on Currency and Foreign Exchanges after the War which was presided over in 1918 by Lord Cunliffe, and after considerable discussion recommended that banks registered under the Indian Companies Act should be required to publish monthly, in lieu of a statement in form G in the Third Schedule of the Act, a statement in the form given in the Appendix to this letter. They made it clear, however, that they recommended this form merely as a suitable basis for discussion, and I am to ask that the Government of India may be furnished with the views of H. E. the Governor in Council as to the suitability of the proposed form. Chambers of Commerce and other bodies and institutions with special knowledge of the subject will no doubt be consulted as widely as possible.

4. I am to add that it has been suggested by a gentleman who was asked to serve on the Committee, but was unable to do so owing to ill-health that the utility of the form for the purpose for which it is intended would be greatly enhanced if—

(1) Item 3 on the liability side were sub-divided so as to show separately—

(*a*) Current deposits
(*b*) Fixed deposits
(*c*) Over drafts
(*d*) Other advances, and

(2) Item 4 were amplified so as to exhibit separately loans against recognised Trust Securities and loans against Share Securities.

The Government of India would be glad if these suggestions could also be examined.

5. As has already been explained, the Committee was convened primarily for the purpose of advising what particulars regarding their position banks registered under the Indian Companies Act should be required to publish periodically for the information of the public. In the course of the discussions, however, various other suggestions for legislation were made and I am to ask that these suggestions also may be considered.

6. In the first place, the question was raised whether a definite limit should not be placed on the amount of the authorised capital of a bank. It was suggested that the authorised capital should not exceed the subscribed capital by more than a specified proportion. Section 75 (i) of the Indian Companies Act prescribes that when the amount of authorised capital of a bank is published the publication shall also contain in equally conspicuous characters the amount of capital which has been subscribed and the amount of capital paid up. Doubts have been expressed, however, whether more stringent regulations are not desirable. In 1914, for instance, the Bengal Chamber of Commerce, besides suggesting that a minimum amount of subscribed capital should be prescribed by law, recommended (1) that the authorised capital of a bank should not be more than four times the subscribed capital, and (2) that no bank should be permitted to advertise the amount of its authorised capital. There was some difference of opinion on these suggestions. Some members of the Committee held that the second recommendation covered the essential point and that banks should not be allowed to advertise the amount of their authorised capital. Others held that the sugestions went beyond the necessity of the case and that it would be sufficient if the law prescribed that the authorised capital should not be more than twice the subscribed capital. It should be noted that the proposals made in this paragraph are only intended to apply to banks which are registered companies under the Indian Companies Act.

7. The next point raised was whether it would not be wise to prescribe that a definite proportion (25 or 30 per cent.) of the face value of the share should be called up before a bank was allowed to begin business. In the United Kingdom and some other countries the amount of uncalled share capital is regarded as a substantial safeguard to depositors. In the case of Bank failures in India, however, it has sometimes proved impossible to recover this unpaid liability, and when the subject was previously discussed, there was a balance of opinion in favour of the proposal that the law should be amended so as to provide that a proportion of the subscribed capital must be paid up either before a bank begins business or within a reasonable period, say six months or a year, after business has been begun. The proportion suggested by most authorities was 50 per cent., but some considered that it might reasonably be fixed as low as 33⅓ per cent. or even 20 per cent.

8. The question was also discussed whether the Act should not be amended so as to reduce the period under which banks may work under agency arrangement with the promoters to a term of not more than five years, the arrangement to be renewable thereafter at stated intervals at the option of the shareholders.

9. It was also suggested that Section 145 (2) of the Indian Companies Act which was based on Section 113 of the English Companies Consolidation Act

of 1908, should be tightened up. It was suggested that since auditors generally in India have not attained quite the same high standard as auditors in the United Kingdom, the auditors' certificate and report on the balance sheet as prescribed by the Indian Companies Act should go further than the English requirement and should expressly state that the auditors have examined the accounts along with the securities representing the investments of the bank or held against loans, the bills discounted and the cash balances at the head office or at several of the branch offices. It is believed that auditors' certificates on banks' balance sheets at home usually contain a statement to this effect, and it is suggested that it should definitely be prescribed by an amendment of the Indian Companies Act that the auditors should be required to include the information stated above in their certificate.

10. Finally I am to say that the Committee considered whether the legislation proposed in paragraph 3 above with the object of amending form G in the Third Schedule of the Companies Act should be limited to banks registered under that Act. It was pointed out that foreign banks, which term was intended to include Exchange Banks, were allowed to take deposits. The whole object of the legislation proposed is to safeguard the interests of depositors and it was suggested that, if the proposed legislation was undertaken, it should also be made applicable to Exchange Banks. I am to ask that this suggestion may be considered and that information may be supplied as to whether Exchange Banks will be able to supply periodically the information which it is proposed to prescribe in the new form appended to this letter.

11. I am to ask that if possible the reply to this letter may be furnished by the end of January next.

APPENDIX.

Proposed monthly statement to be published by Banks registered under the Indian Companies Act, 1913.

Liabilities.	Rs.	Assets.	Rs.
1. Capital—		1. Cash	
Authorised capital ——— shares of Rs. ——— each		(1) Coin, Currency Notes and balances with the Imperial Bank of India.	
Issued capital —— shares of Rs. —— each		(2) Cash in transit.	
Subscribed capital ——— shares of Rs. ——— each		2. Balances with other Banks in India.	
Paid up capital		3. Bullion in hand and in transit.	
2. Reserve Fund		4. Money at call and at not more than seven days' notice.	
3. Current, Deposit, and other accounts		5. Indian and British Government securities maturing within 12 months.	
4. Loans against securities as per contra.		6. Inland Bills.	
5. Acceptances		7. Foreign Bills.	
6. Endorsements, Guarantees and other obligations.		8. Balances abroad.	
		9. Investments,	
		(1) Securities of, or guaranteed by Indian and British Governments.	
		(2) Colonial and Foreign Government securities.	
		(3) Other Indian Trust Stocks and Debentures.	
		(4) Shares and Debentures of Joint Stock Companies.	
		(5) Other investments.	
		10. Loans and Advances.	
		11. Other assets.	
		12. Bank Premises.	
		13. Liabilities of customers for Acceptances as per contra.	
		14. Liabilities of customers for Endorsements, and Guarantees.	

Chamber of Commerce, Madras, 16th February, 1921.

TO THE SECRETARY TO GOVT., HOME (JUDICIAL) DEPT.
Madras.

SIR,—Your letter No. 3866 C-2, dated the 1st December, 1920, has been duly considered by the Chamber and I am in the first place desired to express regret at the unavoidable delay in replying.

The Chamber agrees with Government that no useful purpose would be served by endeavouring to legislate so as to restrict the use of the term "Bank" which would be very difficult to define.

The object of Government is to legislate so as to protect depositors and with this object the Chamber is in full sympathy. The Chamber does not, however, consider that this object will be in any way achieved by demanding a fuller balance sheet than that of Form G in the third schedule of the Companies Act. It has to be borne in mind that the great majority of small depositors do not understand a Balance Sheet and are very apt to be confused by masses of figures.

There are, however, a few points which the Chamber desires to bring to the notice of Government :—

(1) The Chamber consider that no Company registered as a Bank should be allowed to start business until at least 50 per cent. of its authorised capital has been paid up.

(2) A statement of affairs should be published monthly.

(3) Only duly qualified Auditors should be appointed as such.

(4) Auditors certificates should state that investments have been examined and that full provision has been made for depreciation when securities stand in the books above market values.

With regard to No. 2 the Chamber consider that publication at more frequent intervals than half yearly will tend to make what is known as "window dressing" more difficult. The Chamber has no reason to consider that this practice prevalent elsewhere is common in India, but it is a danger which the Chamber thinks should be guarded against.

No. 3.—The Chamber are fully aware of the difficulty in obtaining the services of fully qualified Accountants. The standard of Indian Accountants is much below the standard of Chartered Accountants, but the Chamber is glad to note that this difficulty is decreasing and will decrease as Indians of education and

position are taking up the profession and there are now greater opportunities of obtaining qualifications than has hitherto been the case.

No. 4.—The Chamber attaches great importance to this recommendation. In the case of Banks which invest their own funds and lend on marketable securities it is essential that the Auditors should state that full provision has been made for market fluctuations.

In paragraph 4 (1) it is suggested that "Deposits" should be sub-divided into current deposits payable on demand and fixed deposits (*c*) and (*d*) do not apply as these would appear on the "Assets" side of the Balance Sheet. The Chamber does not consider that any further sub-division than those in (*a*) and (*b*) are necessary.

With reference to paragraph 10 the Chamber does not consider that any proposed amendment of the Indian Companies Act such as suggested in the paragraph should be made applicable to any Bank incorporated or registered in Great Britain.

In conclusion, the Chamber consider that probably the most effective way in which depositors could be protected lies in the tightening of the Criminal Law making Directors, Managers and Auditors of Banks whose failure is due to fraud, personally liable for all losses and liable to severe punishment.

I have, etc.,
O. KERSHAW,
Secretary.

STAMPING OF DOCUMENTS EVIDENCING SALE OF GOODS.

Madras, 29th November, 1920.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—We take the liberty, on the instructions of our client, of sending you copies of correspondence which has passed between the Collector of Madras and ourselves on the question of stamping a document evidencing a sale of goods, a copy of the material parts of which is enclosed.

The document in question effected a sale of goods and book debts, the purchase price being divided up. It is admitted that the document, so far as it relates to the assignment of book debts, is liable to stamp duty of Rs. 245 on the amount paid for such assignment.

The Collector, having impounded the document which was produced before him in an income-tax matter, imposed a stamp duty of Rs. 1,600 on the basis of the total purchase price including the price of the goods and a penalty of Rs. 1,600.

We contended that the document, so far as it relates to goods, was an agreement or memorandum for or relating to the sale of goods and was, therefore, exempt under Article 5(*c*) of Schedule I of the Stamp Act which reads as follows:—

EXEMPTIONS.

Agreement or Memorandum of Agreement—

(*a*) for or relating to the sale of goods or merchandise exclusively not being a note or memorandum chargeable under No. 43 (No. 43-Note or memorandum sent by a broker or agent to his principal intimating the purchase or sale on account of such principal of any goods stocks or marketable security exceeding in value Rs. 20 stamp duty one anna).

Ultimately the Collector adopted the following criterion for determining whether or not a document of this nature was exempt or should be stamped as a conveyance at 1 per cent. of the purchase price. He states "the criterion appears to be whether the property in the goods actually passes or not. If it does not, the document is merely an agreement relating to a sale of goods and not a conveyance. If it does, the document is a conveyance and not an agreement".

We have been instructed to file a petition to the Board of Revenue and unfortunately there is nothing in the Stamp Act to compel the Board to make a reference to the High Court. It is discretionary on the part of the Board.

It is obvious that this decision of the Collector is one which vitally concerns every merchant in Madras. It means that every document evidencing the sale of goods and the transferring of the property in such goods is liable to a heavy stamp duty. A reference to Section 78 of the Indian Contract Act and the illustrations thereto will show what a very large number of documents are liable to duty if the Collector's decision is upheld by the Board of Revenue.

In the case of every sale of goods on credit which is evidenced by a written document or letters, such document and one letter (forming part of the transaction) would have to be stamped as a conveyance at 1 per cent. on the purchase price, because the property in the goods passes as soon as the proposal for sale is effected. For example take illustration (*e*) to Section 78 and assume the transaction to be effected by letters, as it naturally would be.

"B on the 1st January offers to A for a quantity of rice, Rs. 2,000 to be paid on the 1st March following, the rice not to be taken away till paid for. A accepts the offer. The rice becomes B's as soon as the offer is accepted."

Under the Collector's ruling, one of the letters presumably the letter of acceptance, would have to be stamped as a conveyance because the property immediately passes to the buyer.

The contract in the illustration is made by the offer and the acceptance, but the transaction could equally well be set out in one document signed by both parties by which the property in the goods passed or in the form of a bought note signed by the purchaser; but in whatever form the transaction is evidenced, the document by which it is evidenced would have, according to the Collector, to be stamped as a conveyance.

It will be obvious to your Chamber that this decision is a most dangerous one to every merchant. If the Board of Revenue upholds the Collector, as it frequently does, and refuses to make a reference to the High Court (and judging from income-tax matters, it is very reluctant to refer), an intolerable state of affairs will arise, which will necessitate combined action to remedy.

We shall be obliged if you will kindly place the matter before your Chamber. If the Chamber agrees with our views a resolution to that effect would strengthen our hands in requesting the Board, in case of necessity, to make a reference to the High Court.

We have, etc.,
KING AND PARTRIDGE.

Chamber of Commerce, Madras, 10th February, 1921.

TO MESSRS. KING AND PARTRIDGE,
Madras.

SIR,—Your letter of the 29th November, 1920, has been considered by my Chamber, who agree with your contention that the Collector's action is one affecting the whole Mercantile community. After careful consideration, my Chamber has adopted the following resolution, which, it trusts, will be of assistance to you in filing a petition to the Board of Revenue, viz. :

"The Chamber views with grave apprehension the recent ruling of the Collector of Madras in assessing stamp duty on a document relating to the sale of goods. The Chamber feels that the criterion adopted by the Collector, namely, whether the property in the goods passes or not is one which is

calculated to render liable to heavy stamp duty a very large number of contracts relating to the sale of goods. The Chamber has always considered that the policy underlying the Indian Stamp Act was not to embarrass the buying and selling of goods and that, therefore, any memorandum or agreement relating to the sale of goods was exempt from stamp duty, irrespective of the passing of the property in such goods, a question which is frequently a most difficult and technical one to answer. The Chamber is, therefore, of opinion that the question is one of the greatest importance to the Mercantile community.

I have, etc.,
O. KERSHAW,
Secretary.

Madras, 11th February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—We are in receipt of your letter of the 10th instant with a copy of the resolution passed by the Chamber in connection with stamp duty on a document relating to sale of goods, for which we thank you.

We have, etc.,
KING AND PARTRIDGE.

Madras, 18th February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to your letter of the 10th instant with an extract of the resolution passed by the Chamber of Commerce in connection with a recent ruling of the Collector as to the liability of a certain document to stamp duty, we send you enclosed a copy of the resolution of the Board of Revenue upholding the Collector's decision.

It is not clear whether the Board means to uphold the Collector's reasoning or whether the decision is based simply on the new point raised by the Board. In the former case the matter is of the gravest importance to all merchants. In the latter case, the point was not raised by the Collector and is of limited interest as obviously a document relating to the sale of book debts and to the sale of goods is not of frequent occurrence.

For your information we send you a copy of our letter to the Board and we trust that we shall get a definite reply as to

the Board's views so that the present uncertainty may be removed and the Chamber may consider what action, if any, it should take in the matter.

We have, etc.,
KING AND PARTRIDGE.

RESOLUTION.

The Board considers that the Collector was right in treating the document as a conveyance and not as an agreement relating to the sale of goods. The exemption conferred in Article 5 of Schedule I of the Stamp Act relates only to agreements which are *exclusively* for the sale of goods. In this case, it is admitted that the document relates partly to the sale of book debts. The exemption, therefore, does not apply. The Board agrees with the Collector in considering that a nominal penalty would not have sufficed.

The Board is, therefore, unable to comply with the petitioner's requests.

[ENCLOSURES.]

Madras, 18th February 1921.

TO THE SECRETARY, BOARD OF REVENUE,
Madras.

SIR,—We have the honour to acknowledge receipt of a memorandum of the proceedings of the Board of Revenue No. R. 66 Mis., dated the 12th instant, in connection with the petition of Haji Abba Yusuf Sahib for a refund of duty and penalty on a deed of conveyance.

We are not clear from the resolution of the Board whether the Board upholds the criterion adopted by the Collector, namely, that if the property in the goods does not pass the document is an agreement relating to a sale of goods and not a conveyance, but if the property does pass the document is a conveyance and not merely an agreement and, therefore, liable to stamp duty.

It would appear from the first sentence of the resolution that such criterion is upheld by the Board. If, however, the sole ground on which the Collector's order is upheld is that the exemption conferred in Article 5 of Schedule I of the Stamp Act relates only to agreements which are *exclusively* for the sale of goods, we have the honour to point out that this point was not taken by the Collector in his order or, in the correspondence which passed between ourselves and him, and we have, therefore, not had an opportunity of dealing with it in relation to Article 5 of Schedule I and Section 5 of the Stamp Act.

We may say that the Collector's ruling in this case and the principle on which it is based was placed as being a matter of general interest before the Madras Chamber of Commerce and a grave feeling of uneasiness prevails among merchants as to the effect of his ruling on mercantile contracts generally relating to the sale of goods. It is for this reason that we ask for information as to whether the Board upholds the Collector's reasoning or whether the resolution of the Board is based solely on the new point raised about the document in question not being an agreement exclusively for the sale of goods.

It will be realised that this is a matter of the gravest importance to merchants who may find themselves liable to enormous sums of money by way of stamp duty and penalty on contracts in which the property in the goods passes to the purchaser.

We have, etc.,
KING AND PARTRIDGE.

Madras, 22nd February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to previous correspondence herein we send you an extract from a letter which we have received from the Board of Revenue in reply to our letter of the 11th instant forwarding a copy of the resolution passed by your Chamber.

Up to a certain point the letter from the Board is satisfactory, but it is not clear even now whether or not the Board would hold that an agreement relating to the sale of goods exclusively would include a document which is in form a conveyance of goods exclusively. Our contention supported by the judgement of Baron Parke in the case of Horsfall *vs.* Hey, 848, 2 Exchequer Reports 778 at pages 781-782, is that even a conveyance of goods is exempt from stamp duty under the Act. In other words it is immaterial whether a document passes the property in goods forthwith and can, therefore, be said to be a conveyance or whether it postpones the passing of the property and can, therefore, be said to be an agreement for sale in the sense in which the Collector has used that expression. The Board have taken a new point entirely and have upheld the Collector's decision, though it appears not necessarily for the reasons which led the Collector to come to his decision.

We have, etc.,
KING AND PARTRIDGE.

Extract of a letter from the Board of Revenue to Messrs. King and Partridge, dated 16th February, 1921.

* * * *

In any case the Board does not think that the Chamber's apprehensions are justified or that agreements relating to the sale of goods exclusively will cease to be exempt from stamp duty because the Collector has in the Board's opinion correctly treated a document evidencing a transfer of goods and book debts and goodwill as not coming within the exemption but as being a conveyance.

* * * *

QUESTION WHETHER GOVERNMENT CLAIMS ON PROPERTIES OF INSOLVENTS SHOULD RECEIVE PREFERENTIAL TREATMENT.

Development Department, Fort St. George, 23rd June, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to your letter, dated December 8, 1920, on the subject of the insolvency of Messrs. V. Subramania Chetty and Co., I am directed to inform you that debts due to Government have prior claim on the insolvent's property by virtue of the specific provisions of Section 49 of the Presidency Towns Insolvency Act, 1909, and that, so long as the law stands as it is, the Government are not prepared to waive their claim.

I have, etc.,
K. NAGESWARA RAO,
for *Tempy. Addl. Secy. to Government.*

Chamber of Commerce, Madras, 29th June, 1921.

TO THE OFFICIAL ASSIGNEE,
Madras.

DEAR SIR,—With reference to my letter of December 8, 1920, in regard to the question whether Government claims on properties of insolvents should receive preferential treatment, I enclose copy of a letter received from the Government of Madras, Development Department, for your information.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Official Assignee's Office, Madras, 30th June, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—Yours of the 29th instant. Not having heard from you and being unable to leave the matter outstanding, I have on my own account refused the Government's claim to preference. The matter will probably come up on appeal.

I have, etc.,
F. H. WILSON,
Official Assignee.

Official Assignee's Office, Madras, 26th August, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

RE KERALA SOAP INSTITUTE.

SIR,—Referring to your conversation with me, when I asked you whether the Chamber would be willing to assist me in meeting the costs of the conduct of the present appeal, which is against my decision refusing to recognise Government's right to claim preferential treatment in respect of a debt incurred by the above Institute, as I told you, I wrote to Government without prejudice in the terms of the letter agreed to between us, giving them an opportunity of compromising the case by undertaking not to exercise the bare right which in that letter was accorded and as they have refused the compromise and wished to go on with the case, I will have it fought out. I should like to know whether the Chamber will assist me in the defence (with funds).

Messrs. King and Partridge are appearing for me, briefing Mr. Mockett.

In case any of the members of the Chamber are unacquainted with the facts of the case, I enclose herewith a draft of my previous letter to you, which was abandoned when the Government made their proposal to compromise. This letter, I think, sufficiently sets out the facts.

My main contention in defending the case is that the previous Acts of the Government of India, or rather the Imperial Government at Home, prohibited the Government of India from trading in everything except Government monopolies and, so far as I can gather, the present trading is not supported by anything stronger than an order of the Local Madras Government. I contend that without authority by an Act of the Government of India, the Madras Government cannot claim the privilege which is given by the Insolvency Act, which is an Act of the Government of India.

I have, etc.,
F. H. WILSON,
Official Assignee.

[ENCLOSURE.]

Official Assignee's Office, Madras, 10*th August,* 1921.

DEAR SIMPSON,—Referring to my conversation with you yesterday on the 'phone, the position is shortly this:

The Department of Industries, which started the Government Soap Works, Calicut, recently changed its name to the Kerala Soap Institute and started trading in the open market for the purpose, they say, of demonstrating that

soap can be manufactured and sold profitably in India. They sold on credit a consignment of Rs. 4,000 worth of soap to a native trader, who pledged it to a sowcar and then failed and was adjudicated.

In his shop was certain stock sold to him by other merchants, but no cash.

The sowcar sold the soap at a loss and there was no surplus.

The Government claimed payment from me of their debt as a preferential debt due to the Crown to be paid as a first charge on the assets, *i.e.*, the stock of the other merchants. While conceding Government's right in respect of such matters as revenue, Government monopolies, costs due to the Secretary of State, claims for salary of Government servants, etc., which are Crown debts, I thought that this claim should be disputed, as it was against public policy that Government should be allowed to trade in the open market *on credit* in commodities which were not Government monopolies (so as to get trade) and then claim preferential payment as against other traders, because even in the case of Government monopolies, Government allows no credit without security, and in this case security should have been taken.

I, therefore, wrote to the Chamber on asking them to take the case up. The Chamber forwarded my letter to Government, who, after 6 months, refused to interfere, as the existing law allowed the preferential payment of Crown debts. In the meantime, Government had pressed me to admit the claim and I refused it as a preferential claim, but admitted it to rank for dividend with the other creditors. Government has appealed to the Court and the appeal has to be defended.

Official Assignee's Office, 29th August, 1921.

To J. F. SIMPSON, ESQ.,
Messrs. Gordon, Woodroffe and Co.,
Madras.

SIR,—As requested by you on the telephone this afternoon, I herewith send you copy of the letter I have written to the Government Solicitor on behalf of the Director of Industries.

I have, etc.,
(Sd.) ———
Manager.

(ENCLOSURE.)

Official Assignee's Office, Madras, 12th August, 1921.

TO THE GOVERNMENT SOLICITOR,
Madras.

SIR,—Since writing my order in the above case, the report of a recent case has appeared in the English Law Reports where a commercial firm carrying on business under Government control by virtue of special legislation during the war, were held to be entitled to preferential payment of a debt due as being a crown debt, and this judgement might, I think, materially alter the position inasmuch as the commodity dealt with in that case was not a Government monopoly.

I have also had a conversation with the Chairman of the Madras Chamber of Commerce, who apparently has been in communication with the Director of Industries and I gather that the Minister for Development might be prepared provided his right to claim to be a crown creditor is conceded, to waive the exercise of such right in cases where the department is dealing in the open market as an ordinary trader in commodities in respect of which there is no Government monopoly.

In defence of the case now pending, I had proposed to raise not only the question of the right to bring the debt in question within the meaning of a crown debt, but also the expediency of Government's exercising such a right, with a view to obtaining a pronouncement which, in the event of the failure of my case, might be of assistance in obtaining a change of law, but if Government are prepared to waive the exercise of the right in such cases on my admitting that the bare right exists, I think, in the interests of all parties the bare right might be conceded, in the face of the judgement which has recently been delivered.

In these circumstances, I shall be glad if you will obtain the instructions of Government in the matter and if Government, in this case and in future are prepared to waive their right to claim as preferential creditors, when trading in the open market as ordinary traders in commodities in which there is no Government monopoly, this will satisfy me and also I understand satisfy the Chamber of Commerce, and the case might be reported as settled out of Court. I understand the Chairman of the Madras Chamber of Commerce is to see the Hon'ble Minister for Development in the matter. In the meantime and pending the decision of Government, the case might stand out of the Board.

I have, etc.,
(Sd.) F. H. WILSON,
Official Assignee.

Official Assignee's Office, 27th September, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—This case has now been heard, and, as you probably saw in the papers, lost. But the Judge gave us what we wanted—a statement that in his opinion the claim to preference should not be made and it remains now to be seen whether the Government will press it or not.

I shall be glad to know if the Chamber will help me with the costs.

I have, etc.,
F. H. WILSON,
Official Assignee.

Chamber of Commerce, Madras, 4th October, 1921.

TO F. H. WILSON, ESQ., OFFICIAL ASSIGNEE,
Madras.

SIR,—Owing to the Chairman's absence from Madras, your letter to him dated the 27th ultimo, could not be dealt with till now.

In reply, I am directed to enclose herewith the Chamber's cheque for Rs. 250, as a contribution to your expenses in the above Suit.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Department of Industries, Madras, 22nd October, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to your correspondence to the Official Assignee on this subject, I write to inform you that Government are not enforcing their claim to preferential treatment under the decree passed in their favour on appeal by Mr. Justice Coutts Trotter.

I have, etc.,
C. W. E. COTTON,
Director of Industries.

Chamber of Commerce, Madras, 25th October, 1921.

TO THE DIRECTOR OF INDUSTRIES,
Madras.

SIR,—I beg to acknowledge the receipt of your letter No. 114, G. 21, dated the 22nd instant, touching the above subject, and I am directed to convey to you an expression of the Chamber's satisfaction at the contents.

I have, etc.,
H. E. H. SLADEN,
Secretary.

PROPOSED SITE FOR CURRENCY OFFICE.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

G.O. No. 1022-*W., dated the* 20*th July,* 1921.

READ—again the following paper :—

ORDER :—

The Government have decided to abandon the acquisition of land ordered in G. O. R., No. 375-W., dated the 23rd June, 1920.

2. The notification received with the Collector's letter read above will be published in the *Fort St. George Gazette.*

(By order of the Government, Ministry of Education and Public Works.)

W. HUTTON,
Secretary to Government,
General, Buildings and Roads.

PROVINCIAL CONTRIBUTIONS.

Chamber of Commerce, Madras, 31*st October,* 1921.

TO THE SECRETARY TO GOVERNMENT OF INDIA,
FINANCE DEPARTMENT,
Madras.

SIR,—I have the honour to again address you on the subject of the Madras contribution to the Government of India, particularly with regard to the following Resolution passed unanimously by the Madras Legislative Council on the 15th October, 1921:—

"This Council considers that the Government of Bengal having been exempted from the contribution due by them to the Government of India, the Government of Madras are justly entitled to similar treatment: and that the whole scheme of Provincial Contributions should now be reconsidered so as to relieve this Presidency of the undue burden placed upon it. The Council desires that a deputation of its members should wait upon H. E. the Viceroy to explain its views and resolved that, if the occasion for such a deputation should arise before the next meeting of the Council, the Hon'ble the President should nominate the members of the deputation."

I am directed to inform you that, at the General Monthly Meeting of the Chamber held on the 25th instant, it was unanimously resolved that the Chamber is in hearty accord with this Resolution of the Madras Legislative Council and to address the Government of India strongly supporting it.

Not to go back earlier than 1897, the Chamber's records show that they have consistently and with all the force at their command protested to Government against the unfairness of the contribution to the Central Exchequer which Madras had been called upon to pay.

In February, 1920, we were asked by the Government of Madras to furnish them with a memorandum embodying the Chamber's views. A memorandum prepared by the Chairman and adopted by the Chamber was placed before Lord Meston's Committee. Memoranda were also sent by Sir. Bernard

Hunter and Sir Gordon Fraser. The Chamber's standpoint was fairly well summarised in the following extract from its memorandum.

"The Chamber welcomes the opportunity of re-opening a very ancient but still existing grievance, what might be called the old vexed question of Provincial Contracts. The Chamber trusts that the Madras Government will make a great fight on this occasion that it may be their last battle and that they will be successful in securing full financial justice. Madras looks for a large measure of generosity now to make up in some degree for the long years of starvation our Presidency has had to sit under. Anything the Chamber can do will be done and all the influence it possesses will be used to assist Government."

After publication of the Report of Lord Meston's Committee, the Chamber immediately telegraphed and wrote to the Government of India protesting against the recommendations of that Committee and urged for a modification on the grounds that the Presidency would receive much less immediate relief than was expected. In pressing for the recognition of the fact, that Madras had been starved for the benefit of richer Presidencies, the Chamber urged that if the whole amounts of remission due could not be given at once that any contribution taken in excess should be treated as a loan.

The strength of the Chamber's support in regard to the pre-present Resolution of the Madras Legislative Council can be gauged from the foregoing recapitulation.

In conclusion, I am directed to call your attention to correspondence ending with your letter, dated the 2nd June, 1920.

I have, etc.,
H. E. H. SLADEN,
Secretary.

———

Chamber of Commerce, Madras, 7th November, 1921.

"To the Secretaries, Chambers of Commerce, Cochin, Cuddalore, Cocanada, Tellicherry, and Tuticorin; The South Indian Chamber of Commerce, Madras; Trades' Association, Madras; The Southern India Skin and Hide Merchants' Association; The Madras Ryotwari Landholders' Association, Vepery, Madras; The Mahajana Sabha. Madras; The Nagarathars' Association, Madras; Madras Landlords' Association; The Madras Landholders' Association; The Madras Liberal League; The National Home Rule League; The Indian Christian Association; The South Indian Liberal Federation; The Dravidian Association; The Indian Christian Association; The Corporation of Madras; and The Madras Grain Rice and Sugar Association."

SIR,—I am directed by the Chairman to enclose copy of a letter which this Chamber has addressed to the Government of India, Finance Department, on the subject of Provincial Contributions and shall be obliged if you will kindly wire or write to the Finance Department of the Government of India, Delhi, in support of the Resolution of the Madras Legislative Council and at the same time advise the Government of Madras that you have done so.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 7th November, 1921.

TO SIR CHARLES TODHUNTER, I.C.S., C.S.I.,
Finance Member to the Government of Madras,
Fort St. George, Madras.

SIR,—I am directed by the Chairman to hand you herewith copy of a letter dated the 31st October, 1921, to the Government of India, Finance Department, and I am to add that Mr. J. F. Simpson had already requested the Madras Trades' Association and the Southern India Chamber of Commerce to move in the matter and to address the Government of India in support of this Resolution.

I am to-day reminding these two bodies officially in this connection and I have also addressed the Chambers of Commerce at Tuticorin, Cocanada, Cochin, Cuddalore and Tellicherry in the same connection asking them either to wire or write to the Government of India in support and at the same time to advise the Government of Madras that they have done so.

For your ready reference I am to send you a copy of the Annual Volume of the Chamber for the year 1920. Pages 1 to 24 contain the matter with reference to Provincial Contributions and this Chamber's action thereon. I am to add that in addition to the public bodies mentioned above, I am now sending to all the other Associations referred to (pages 23-24 of the Annual Volume) a copy of this Chamber's letter, dated the 31st ultimo, to the Government of India, and I am requesting the said bodies to take the necessary action in support.

If you think there is anything this Chamber can do in the matter, please command us.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Fort St. George, 8*th November*, 1921.

DEAR MR. SLADEN,—I am desired to acknowledge with thanks the receipt of your D.O., dated the 7th November, 1921, to the Hon'ble Sir Charles Todhunter enclosing copies of a communication to the Government of India, dated the 31st October, 1921, addressed by the Chamber of Commerce, Madras, on the subject of the Provincial Contribution to the Central Government and of the Annual Volume of the Chamber for the year 1920.

Yours sincerely,
C. R. SRINIVASA RAO.

Chamber of Commerce, Cochin, 10*th November*, *1921*.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I have to acknowledge your letter of the 7th instant, with enclosures, on the subject of Provincial Contributions and have to-day wired the Finance Department of the Government of India, supporting the Resolution passed by Madras Legislative Council on the 15th ultimo, and expressing this Chamber's agreement with the views expressed in the letter of the 31st ultimo which your Chamber addressed to the Finance Department, Delhi, on the subject.

This wire will be followed up by letter and, as requested, I am informing the Madras Government of my action in the matter.

I have, etc.,
A. V. SHAW,
Honorary Secretary.

Trades' Association, Madras, 11*th November*, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to your letter of the 7th instant, I beg to enclose copy of a letter which this Association has addressed to the Government of India, Finance Department, Delhi, on the subject of Provincial Contributions.

A copy has also been forwarded to the Chief Secretary to the Government of Madras.

I have, etc.,
G. W. KLEIN,
Secretary.

[ENCLOSURE.]

Madras, 11th November, 1921.

TO THE SECRETARY TO GOVERNMENT OF INDIA, FINANCE DEPT.,
Delhi.

SIR,—On behalf of this Association, I have the honour to address you on the subject of the Madras Contribution to the Government of India, more especially with reference to the Resolution which was unanimously passed by the Madras Legislative Council on the 15th October, 1921, as follows :—

"This Council considers that the Government of Bengal having been exempted from the contribution due by them to the Government of India, the Government of Madras are justly entitled to similar treatment and that the whole scheme of Provincial Contributions should now be reconsidered so as to relieve this Presidency of the undue burden placed upon it. The Council desires that a deputation of its members should wait upon H.E. the Viceroy to explain its views and resolved that if the occasion for such a deputation should arise before the next meeting of the Council, the Hon'ble the President should nominate the members of the deputation ".

This Association is in full agreement with this Resolution of the Madras Legislative Council and strongly supports the views therein put forward.

I would also draw your attention to this Association's letter, dated 19th May, 1920, regarding this old standing grievance of the Madras Presidency and to express the hope that in view of the strong and unanimous feeling which exists on this question that the Government of India may be pleased to reconsider its attitude on this subject and grant the relief asked for.

I have, etc.,
A. M. MCDOUGALL,
Chairman.

Government of India, Finance Dept., Delhi, 12th Nov., 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to acknowledge the receipt of your letter, dated the 31st October, 1921, on the subject of the contributions payable by the Madras Government to the Government of India.

I have, etc.,
A. C. MUKHERJI,
Assistant Secretary to the Government of India.

Malabar Chamber of Commerce, Tellicherry, 12th Nov., 1921.

TO THE SECRETARY, MADRAS CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to acknowledge your letter of the 7th instant and to enclose herewith copy of the letter addressed by this Chamber to the Secretary to the Government of India, Finance Department, in support of the Resolution passed by the Madras Legislative Council on the 15th October.

I have, etc.,
L. KING CHURCH,
Honorary Secretary.

[ENCLOSURE.]

Tellicherry, 12*th November*, 1921.

TO THE SECRETARY TO GOVT. OF INDIA, FINANCE DEPARTMENT, *Delhi*.

SIR,—This Chamber of Commerce having considered the Resolution passed by the Madras Legislative Council on the 15th October on the subject of the Madras Presidency's Financial Contribution to the Government of India :

I have been directed to telegraph to you the Chamber's unanimous support to the Resolution referred to in the terms quoted below :—

"This Malabar Chamber of Commerce unanimously endorses the Resolution passed by Madras Legislative Council on fifteenth October King Church Honorary Secretary."

Which I have the honour to now confirm by this letter, and to express the hope that the Government of India will give sympathetic consideration to the case presented by the Legislative Council of the Madras Presidency.

I have, etc.,
KING CHURCH,
Honorary Secretary.

Chamber of Commerce, Tuticorin, 12th Nov., 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE, *Madras*.

SIR,—In reply to your letter of the 7th instant, I am directed to inform you that this Chamber has to-day addressed the Government of India, Finance Department, in support of the resolution on the subject of Provincial Contributions passed unanimously by the Madras Legislative Council on the 15th October, 1921.

The Government of Madras has been informed that the Chamber has done so.

I have, etc.,
F. VAN TEYLINGEN,
Secretary.

Chamber of Commerce, Cocanada, 15*th November*, 1921.

TO THE SECRETARY TO GOVT. OF INDIA,
FINANCE DEPARTMENT,
Delhi.

SIR,—This Chamber has had under consideration the letter of the Madras Chamber of Commerce addressed to you, dated the 31st October, 1921, on the subject of Provincial Contributions, and are unanimous in support of the resolution of the Madras Legislative Council.

I have, etc.,
J. HAMILTON,
Secretary.

Madras Liberal League, Madras, 16th November, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

DEAR SIR,—With reference to your communication *re* Provincial Contributions, I have sent the following telegram to the Finance Department, Delhi:

"The Madras Liberal League strongly supports the just claim embodied in the Resolution of the Madras Legislative Council urging exemption from payment of Provincial Contribution as has been done in the case of Bengal."

I have, etc.,
G. A. NATESAN,
Joint Secretary.

Nattukottai Nagarathars' Association, Madras, 16th Nov., 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I thank you much for your kind letter of the 7th. As you have suggested therein, the Nattukottai Nagarathars' Association has addressed the Government of India on the subject of the Madras Provincial Contribution and advised the Madras Government of its having done so.

I have, etc.,
S. R. M. A. ANNAMALAI CHETTY,
Secretary.

Southern India Skin and Hide Merchants' Association, Madras,
19th November, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am in due receipt of your letter of the 7th instant, regarding the Resolution of the Madras Legislative Council of the 15th October, 1921, asking for exemption from the Provincial Contributions to the Central Government. As desired therein, the Government of India was addressed and the fact intimated to the Madras Government. A copy of the letter to the Government of India is enclosed for your information.

I have, etc.,
M. ABDUL RAHAMIN SAHIB,
Honorary Secretary.

[ENCLOSURE.]

Southern India Skin and Hide Merchants' Association.

Copy of communication from the Honorary Secretary, Southern India Skin and Hide Merchants' Association, Madras, to the Secretary, Government of India, Finance Department, No. 230 of 1921, dated the 19th November, 1921.

I have the honour to communicate to you the following Resolution passed at a Meeting of the Association held on the 16th November, 1921:

"Resolved to inform the Government of India, Finance Department, that this Association do strongly support the Resolution of the Madras Legislative Council of the 15th October, 1921, regarding exemption from the Provincial Contributions and also fully endorses the views of the Madras Chamber of Commerce as contained in their letter of the 31st October, 1921, to the Finance Department of the Government of India on the subject."

In virtue of the above Resolution, I am directed to inform the Government of India that this Association is in hearty accord with the Resolution of the Madras Legislative Council and considers that the demands of the Madras Government for exemption from Provincial Contributions to the Central Exchequer are just and it deserves similar treatment as that of Bengal at the hands of the Central Government. This Association also fully endorses the views of the Madras Chamber of Commerce as contained in their letter, dated the 31st October, 1921, to the Government of India on the subject.

Southern India Chamber of Commerce, Madras,
23rd November, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to your letter of the 7th instant enclosing copy of a letter your Chamber has addressed to the Government of India, on the subject of Provincial Contributions, I am to intimate to you that at the last Meeting of the Executive Committee of this Chamber, it was resolved to give the emphatic support of this Chamber to the resolution of the Madras Legislative Council on the subject, and that a communication to that effect has been addressed to the Government of Madras.

I have, etc.,
C. GOPAL MENON,
Secretary.

South Coromandel Chamber of Commerce, Cuddalore,
Old Town, 24th November, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to acknowledge the receipt of your letter of the 7th instant on the above subject and to state that this Chamber wired to the Government of India, Delhi, on the 9th instant, as per copy at foot, and has received an acknowledgment by the Secretary to the Government under date the 12th instant.

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I enclose herewith copy of a letter of date to the Government of Madras on the subject.

I have, etc.,
G. G. GILL,
Honorary Secretary and Treasurer.

Telegram.—" South Coromandel Chamber of Commerce strongly support Madras Chamber's representations regarding unfair apportionment this Presidency of financial burdens repudiated by richer Provinces and desires emphasise injurious effects of inequitable assessment upon trade due to postponement developments essential to promotion of commerce."

[ENCLOSURE.]

South Coromandel Chamber of Commerce, Cuddalore, Old Town, 25th Nov., 1921.

TO THE SECRETARY TO GOVERNMENT, FINANCE DEPARTMENT,
Madras.

SIR,—I have the honour to give below a copy of the telegram sent by this Chamber to the Government of India (Finance Department), Delhi, on the 9th instant, regarding the Madras Government's contribution under the Meston award to the Government of India.

This Chamber feels strongly that this award constitutes an inequitable assessment on this Presidency's resources, and apprehends that its effects are likely to be felt in delays to or indefinite postponement of developments of a nature helpful to commerce and industry in the mofussil, such as minor harbour improvements and the betterment of internal and inter-communications of districts—developments long desired and much overdue.

This Chamber therefore ventures to express the hope that Government will lend every support to the Madras Legislative Council's unanimous resolution on the subject of the 15th October last, and will spare no effort to convince the Government of India that the contribution levied from Madras is excessive.

G. G. GILL,
Honorary Secretary, and Treasurer.

Landlords' Association, Madras, 25th November, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am in receipt of your letter, dated the 7th, with its enclosure, and, in reply, I write to inform you that your letter was placed before the special meeting of the Madras Landlords' Association held on 25-11-1921 at Govind Palace. The following resolution was passed, and the same has been communicated to the Government of India, Finance Department, and to the Government of Madras.

"RESOLUTION."

The Madras Landlords' Association at a special meeting held on the 25th November, 1921, unanimously resolved, "That this Association is in very hearty accord with the resolution of the Madras Legislative Council in respect of the Provincial Contribution due by Madras and feels strongly at the injustice done to the Province and prays that the Madras Presidency may be exempted as the amounts are wanted for urgent public purposes and more particularly considering the financial allotment in the past."

I have, etc.,
G. RANGASWAMY PILLAY,
for *President.*

INDIAN COTTON COMMITTEE.

Office of the Director of Agriculture, Madras, 20*th May*, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I have the honour to inform you that in their Resolution No. 404-22, dated the 31st March, 1921, the Government of India have decided to constitute a Central Cotton Committee at Bombay. The functions of this Committee will be mainly advisory and will follow generally the lines indicated by the Indian Cotton Committee in paragraph 261 of its Report. The Committee is to number 26, and the Madras representatives will be the following :—

(1) A representative of the Agricultural Department.

(2) A representative of the Tuticorin Chamber of Commerce.

(3) A representative of the Madras Presidency to be nominated by the Local Government from manufacturers or ginners.

2. You will be aware that the proposals of the Indian Cotton Committee included the formation of Provincial Committees and Local Sub-Committees to work in touch with the Central Cotton Committee at Bombay. I have now been directed by the Government of Madras to prepare detailed proposals for the constitution of a Provincial Committee and Local Sub-Committees, and I am therefore now addressing you in the matter.

3. I am aware of your letter to the Madras Government, dated the 24th January, 1920, in which you express your strong objection to the formation of a Central Cotton Committee at Bombay, and suggest as an alternative the constitution of Local Committees in the various Presidencies dealing direct with a Director-General (apparently the Agricultural Adviser to the Government of India). Your alternative proposal has not been accepted by the Government of India, however, and that being so, I think that you will agree with me that it will be best to proceed with the formation of our Provincial Committee. Once this Committee has been formed we shall be in a stronger position for dealing with the Central Cotton Committee and the Government of India. The exact relations between the Provincial Committee and the Central Cotton Committee have yet to be worked out, and I have little doubt that if our Provincial Committee decides to aim at attaining a position of practical independence, it will succeed in doing so.

4. The functions of the Provincial Committee, according to the proposals of the Indian Cotton Committee, will be :—

(1) To provide the Central Cotton Committee with information.

(2) To investigate complaints with regard to malpractices in ginning and pressing factories—under the scheme for licensing such factories, as proposed in Chapter XVI of the Report of the Indian Cotton Committee.

(3) To bring about co-operation between the trade and the Agricultural Department with regard to the improvement of cotton.

(4) To organise and control Local Sub-Committees, through whom much of the work mentioned above will be accomplished.

With regard to item (1), I may point out that the scheme, as suggested by the Indian Cotton Committee (paragraphs 261 and 263 of their Report), provides for the Bombay Central Cotton Committee advising both the Government of India and Local Governments in regard to questions of cotton policy, legislation connected with cotton, etc. As the Central Cotton Committee is expected to keep in close touch with Provincial Committees, it is to be assumed that such advice will be given only after consultation with such Provincial Committees. But there is in any case no reason why the Local Government should not take the opinion of its Provincial Committee direct.

With regard to item (2) I am aware of your letter to Government, dated the 22nd April, 1920, in which you have expressed your disagreement with many of the proposals of the Indian Cotton Committee regarding the licensing of gins and presses. The proposed Provincial Committee would of course be

consulted regarding the details of any legislation on this subject, and if and when such legislation becomes effective, it would be an important function of the Madras Committee to advise the Madras Government on the actual working of the Act.

5. I make the following tentative proposals for the constitution of the Provincial Committee:

(a) Officials.

(1) The Director of Agriculture, (Chairman).

(2) The Director of Industries.

(3) The Cotton Specialist, (at present Mr. G. R. Hilson).

(*b*) *Non-officials.* A nominee of each of the following :—

(4) The Chamber of Commerce, Madras.

(5) The South Indian Chamber of Commerce, Madras.

(6) The Chamber of Commerce, Tuticorin.

(7) The Coimbatore Cotton Marketing Association.

The Indian Cotton Committee have suggested that the local Director of Agriculture should be the Chairman of such Committees, *vide* paragraph 263 of their Report. I have no strong views on this point and would have no objection to a non-official Chairman, who might be identical with the representative of your Chamber. I shall be glad to consider other suggestions regarding the constitution of the Committee. Possibly you would desire to have two nominees on the ground of the large interests represented by your Chamber. In any case I suggest that the total membership should not exceed nine.

It would be convenient if the Chamber of Commerce, Tuticorin, and the Coimbatore Cotton Marketing Association, would select persons ordinarily resident in Madras as their nominees. It does not seem absolutely necessary that such nominees should be actual members of the bodies concerned. Such local bodies would of course be strongly represented on the Local Sub-Committees dealt with below.

6. The Provincial Committee would I suppose meet at least once a year, and at other times only when some important business had to be considered. A Secretary is necessary, but this would not be a whole-time job. It should, I think, be possible to secure someone to undertake the work in addition to his ordinary duties in return for an allowance of, say, Rs. 100 to 200 per mensem. I have no one in my

department resident in Madras whom I can suggest as Secretary. There seem to me to be three possibilities:

(*a*) One of the Assistant Directors of Industries, in the office of the Director of Industries.

(*b*) The Secretary to the Chamber of Commerce, Madras.

(*c*) An employee of any of the firms constituting the Chamber of Commerce, Madras.

I shall be glad of your opinion on this matter.

Such clerical assistance as was needed could at first be borrowed by arrangement with the Secretary's employers. It is hardly likely that the Committee would ever want a whole-time clerk or typist.

7. The expenditure of the Committee, which would consist of

(1) Allowance to Secretary.

(2) Cost of clerical work.

(3) Stamps and stationery.

(4) Travelling expenses of mofussil members (if any) for attending meetings, and

(5) Financing of Local Sub-Committees

are to be provided for by a grant from the Madras Government.

8. With regard to Local Sub Committees, the Indian Cotton Committee have proposed that these should be formed "in suitable centres at the discretion of the Provincial Committee", *vide* paragraph 263 of their Report. They are to comprise the local Deputy Directors of Agricultural and from two to four representatives of local cotton interests. To begin with it would probably be sufficient to have one such Sub-Committee in each of the main cotton tracts, *i e.*,

Bellary, Nandyal, Guntur, Tuticorin, and Tiruppur.

The constitution of these Local Sub-Committees would be one of the first duties of the Provincial Committee when formed.

9. I shall be glad of your opinion on the whole matter. I am also taking the opinion of the South Indian Chamber of Commerce, the Chamber of Commerce, Tuticorin, and the Coimbatore Cotton Marketing Association.

I have, etc.,
G. A. D. STUART,
Director of Agriculture.

Chamber of Commerce, Madras, 7th June, 1921.

TO THE DIRECTOR OF AGRICULTURE,
Madras.

SIR,—I am directed to acknowledge the receipt of your letter No. D, 474-21, dated the 20th May, 1921, in regard to the proposed constitution of the Provincial and local Sub-Committees to work in touch with the Central Cotton Committee at Bombay.

The Chamber considers that your views on the proposed Provincial Committee are very sound. However it appears to the Chamber that the composition of the Committee is rather haphazard and might lead to some curious results as some of the "nominators" have little or no connection with cotton. The Chamber would like to see two members nominated by Messrs. Binny and Co. (Madras), Ltd., and Messrs. A. and F. Harvey, as representing the majority of the spindles in this Presidency, and two or three nominated by Government specifically to represent ginners or merchants of each of the cotton-growing districts of this Presidency.

I have, etc.,
H. E. H. SLADEN,
Secretary.

THE PROFESSOR OF INDIAN EC... UNIVERSITY OF MADRAS.

Office of the Director of Agriculture, Madras, 23rd June, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to your letter of 10th June, 1921, I have the honour to point out that your proposals for the constitution of the Provincial Committee would make it a very large one. Two representatives each for Messrs. Binny and Co. and Messrs. A. and F. Harvey, and two or three nominees for each of the 5 cotton-growing tracts of the Presidency would mean from 14 to 19 members in addition to the three official members proposed by me, a total of 17 to 22 members. I think that you will agree with me that such a Committee would be too large. The maximum number suggested by the Indian Cotton Committee was 9 and even this seems to me to be somewhat large for a really effective Committee.

2. I do not quite follow your criticism of my proposal. Of the four nominating bodies I suggested, three at least have a considerable interest in cotton, *i.e.*, your Chamber, the Tuticorin Chamber of Commerce and the Coimbatore Cotton Marketing Association.

3. I do not think that nomination by individual firms can be allowed. Once the principle is admitted it is difficult to know where to stop.

4. As our views on the subject of the composition of the Provincial Committee are at variance, I suggest that I may be given an opportunity of discussing the matter personally with a small Sub-Committee of your Chamber.

5. You have not dealt specifically with paragraph 6 of my letter No. D, 474-21, dated 20th May, 1921. I should be glad to know if you would agree to your Secretary undertaking the secretarial work of the Provincial Committee, and if so for what remuneration ?

I have, etc.,
G. A. D. STUART,
Director of Agriculture.

Chamber of Commerce, Madras, 29th June, 1921.

TO THE DIRECTOR OF AGRICULTURE, MADRAS,
Camp, Coimbatore.

SIR,—With reference to your letter No. R. O. C. 474-D-21 dated the 23rd June, 1921, in regard to the proposals for the constitution of the Provincial Committee, I am directed to forward a copy of a Resolution passed at the General Monthly Meeting of the Chamber held last night.

" Resolved that a Sub-Committee consisting of Messrs. W. A. Turner and H. P. M. Rae be formed to meet the Director of Agriculture to discuss with him the proposals for the Constitution of the Provincial Committee."

I have, etc.,
H. E. H. SLADEN,
Secretary.

7, Armenian Street, Madras, 2nd August, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I enclose a report of the proceedings of the meeting the Sub-Committee had with the Director of Agriculture on Wednesday, the 27th July, 1921. The report has been approved by Mr. Rae.

The Director of Agriculture took a note of our recommendations, and I do not, therefore, think it is necessary for you to send him a copy.

I return herewith the Minute Book.

I have, etc.,
W. A. TURNER.

CENTRAL COTTON COMMITTEE.

PROVINCIAL AND LOCAL SUB-COMMITTEES.

As arranged the Sub Committee appointed by the Chamber, *i.e.*, Messrs. Rae and Turner, met the Director of Agriculture on Wednesday, the 27th July, at 5-30 P.M., at the office of Mr. Turner.

After considerable discussion it was agreed to recommend as follows :—

1. That the constitution of the Provincial Committee be

(*a*) *Officials*.

1. The Director of Agriculture (Chairman).
2. The Director of Industries.
3. The Cotton Specialist.

(*b*) *Non-officials*. A nominee of each of the following :—

4. The Chamber of Commerce, Madras.
5. The South Indian Chamber of Commerce, Madras.
6. The Chamber of Commerce, Tuticorin.
7. The Coimbatore Cotton Marketing Association.

With power to co-opt two additional members specially to represent the ginners and merchants of the cotton-growing districts of the Madras Presidency.

2. That the duties of Secretary be undertaken by the Personal Assistant to the Director of Agriculture with a proposed remuneration of Rs. 200 per mensem.

3. That the Madras and Tuticorin Chambers should, as far as possible, work in agreement to elect one cotton manufacturer and one merchant.

MADRAS, 27*th July*, 1921.

W. A. TURNER,
Convener.

GOVERNMENT OF MADRAS.

DEVELOPMENT DEPARTMENT.

G.O., No. Press, 1895, *dated the* 11*th October*, 1921.

READ—the following paper :—

Again G. O., No. 1445, Development, dated 6th August, 1921.

ORDER—

In paragraph 263 of their Report, the Indian Cotton Committee recommended that Provincial and Local Sub-Committees

should be formed to work in co-operation with the Central Cotton Committee. The Government of India have in their Resolution No. 404-22, dated 31st March, 1921, announced the formation of the Central Cotton Committee with headquarters at Bombay. The Director of Agriculture was asked to submit proposals for the formation of the Provincial and Local Sub-Committees in this Presidency. The Director of Agriculture has now submitted his proposals in consultation with the Director of Industries, the Chambers of Commerce, at Madras and Tuticorin, the South Indian Chamber of Commerce, and Cotton Marketing Association, Coimbatore. The Government in the Ministry of Development have considered these proposals and have decided to constitute a Provincial Committee with headquarters at Madras and five Local Sub-Committees at Bellary, Nandyal, Guntur, Tuticorin and Tirupur.

2. The Committees will in the main act as connecting links between the cotton-growers on the one hand and the spinners, ginners and exporters of cotton on the other; their most important function being to check, in co-operation with the Central Cotton Committee at Bombay, malpractices in ginning and pressing factories.

3. The Provincial Committee will at the outset be composed of the following members, but additions to and alterations in its composition may be made from time to time.

OFFICIAL REPRESENTATIVES.

President.

1. The Director of Agriculture.

Members.

2. The Director of Industries.
3. The Government Cotton Specialist.

NON-OFFICIAL REPRESENTATIVES.

A representative of each of the following bodies :—

4. The Madras Chamber of Commerce.
5. The South Indian Chamber of Commerce, Madras.
6. The Chamber of Commerce, Tuticorin.
7. The Cotton Marketing Association, Coimbatore.

Two other non-officials may subsequently be nominated by the Government to represent interests found to be inadequately represented after the bodies above-mentioned have elected their representatives. The Director of Agriculture is requested to address the Chambers and the Association for the selection of the four non-official representatives, and report at a later stage to Government regarding the nomination of the two other non-officials referred to above.

4. The term of appointment of the members of the Committee will expire at the end of two years or whenever they leave India for more than three months.

5. The Committee will meet at least once a year at Madras.

6. The Statistical Assistant to the Director of Agriculture will be *ex-officio* Secretary to the Committee.

7. Travelling and halting allowances to non-official mofussil members will be paid at first-class rates.

8. The Provincial Committee soon after its formation should constitute Local Sub-Committees at the following places to begin with Nandyal, Bellary, Guntur, Tuticorin and Tirupur. The number of members on each Committee will not be less than three nor more than five. The local Deputy Director of Agriculture will be President of the Committee. The Provincial Committee will see that ginning and spinning interests are adequately represented on the Local Sub-Committees.

(By Order of the Government, Ministry of Development.)

K. NAGASWARA RAO,
for *Secretary to Government.*

Chamber of Commerce, Madras, 27th October, 1921.

TO W. A. TURNER, ESQ.,
Madras.

SIR,—I beg to advise you that at the General Monthly Meeting of the Chamber held on the 25th instant you were unanimously elected as the Chamber's representative to serve on the Provincial Cotton Committee.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 27th October, 1921.

TO THE SECRETARY TO GOVT., DEVELOPMENT DEPT.,
Madras.

SIR,—I have the honour to acknowledge the receipt of G. O. No. 1895 Press, dated the 11th October, 1921, on the subject of Provincial and Local Cotton Sub-Committees, and I am directed to inform you that Mr. W. A. Turner of Messrs. Binny and Co. (Madras), Ltd., was elected at the General Monthly Meeting of the Chamber held on the 25th instant, as the representative of the Chamber to serve on the Provincial Sub-Committee.

I have, etc.,
H. E. H. SLADEN,
Secretary.

NEW AUXILIARY FORCE ACT, 1920.

Government of Madras, Fort St. George, 29th November, 1920.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,

Madras.

SIR,—At a preliminary Conference held on the 26th instant, it was decided to constitute three Advisory Committees under Section 28 of the Auxiliary Force Act, 1920, as shown below :—

(1) One Advisory Committee for the districts of Ganjam, Vizagapatam, Godavari, Kistna, Guntur and Nellore with head-quarters at Waltair.

(2) One Advisory Committee for the Nilgiri and West Coast area, viz., the districts of the Nilgiris, South Kanara, Malabar and Coimbatore and the States of Travancore and Cochin and the enclaves of Anjengo and Tangasseri with head-quarters at Ootacamund.

(3) One Advisory Committee for the City of Madras and all districts of the Presidency not included in (1) or (2).

Each of these Committees will have 3 non-officials, 1 military officer and 1 officer appointed by Government.

I am to invite your Chamber to nominate a member to the Advisory Committee at Madras.

I have, etc.,
J. M. TURING,
Acting Secretary.

Government of Madras, Fort St. George, 2nd December, 1920.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,

Madras.

SIR,—In continuation of my letter No. 3199, W-1, dated 29th November, 1920, I am directed to enclose a copy of Section 28 of the Auxiliary Force Act, 1920, and rule 11 of the rules framed under the Act.

I have, etc.,
K. NAGESWARA RAO,
for *Secretary.*

[ENCLOSURE.]

Extract of Section 28 of the Auxiliary Force Act, 1920 :—

Advisory Committees.

(1) The Local Government shall constitute for each prescribed military area one or more Advisory Committees each consisting of three or more members, of whom one shall be the competent military authority or a military officer appointed by him in this behalf, and the others shall be persons eligible for enrolment in the Auxiliary Force, India, within the meaning of Section 4 who shall be appointed annually by or under the orders of the Local Government.

(2) Any Advisory Committee constituted for a prescribed military area or a part thereof, as the case may be, which includes a Presidency-town or any other place to which the Governor-General in Council may, by order in writing, declare this sub-section to apply, shall consist of not not less than five members, of whom not more than two shall be persons in the service of Government.

(3) The Governor-General in Council shall prescribe the duties, powers and procedure of Advisory Committees and, in particular, the matters in respect of which the competent military authority shall be bound to give effect to a recommendation of an Advisory Committee unless the Local Government otherwise directs.

Extract of rule 11 of the rules under the Auxiliary Force Act, 1920 :—

Powers and duties.

(1) An Advisory Committee may, in relation to that portion of the Auxiliary Force, India, which is located within the military area, or the part of the military area, for which it is constituted, make recommendations to the competent military authority.——

(a) either on application made to it in this behalf or of its own motion, regarding variations of training under Section 13;

(b) on applications forwarded to it by the competent military authority regarding the discharge of enrolled persons;

(c) on application made to it in this behalf, for the exemption for any period not exceeding two years at one time of any named person, or for the exemption for any period of the holder of any office, from liability to be called out or embodied under Section 18;

(d) as to the period or periods in which the specified training is to be carried out in the training year by each unit;

(e) that the annual training or any part of the annual training of any unit shall be undergone in camp; provided that no such recommendation shall be made for a period of training in camp exceeding, in the case of the Active Class ten days or in the case of the First (A) Class of the Reserve, six days;

(f) as to the medical officers to be approved for the purposes of Section 14; and

(g) regarding any matter relating to the Auxiliary Force, India, on which the competent military authority may desire the advice of the Advisory Committee.

(2) Any recommendation made under any of the Clauses (a) to (f) of sub-rule (1) shall be carried into effect by the competent military authority; provided that if he disagrees with any such recommendation he may refer the matter to the Local Government whose orders thereon shall be final.

Chamber of Commerce, Madras, 26th January, 1921.

TO SIR GORDON FRASER, MESSRS. BEST & CO., LTD,
Madras.

SIR,—I write to advise you that at the General Monthly Meeting of the Chamber held yesterday you were nominated as the representative of the Chamber to serve on the Madras Advisory Committee of the Auxiliary Force Act, 1920.

I have, etc.,
O. KERSHAW,
Secretary.

Chamber of Commerce, Madras, 25th January, 1921.

TO THE CHIEF SECRETARY TO GOVT. OF MADRAS,
PUBLIC (WAR) DEPT.
Madras.

SIR,—In continuation of my letter of the 7th instant, I have the honour to state that at the General Monthly Meeting of the Chamber held yesterday Sir Gordon Fraser of Messrs. Best and Co., Ltd., Madras, was nominated as the representative of the Chamber to serve on the Madras Advisory Committee of the Auxiliary Force Act, 1920.

I have, etc.,
O. KERSHAW,
Secretary.

Madras, 29th January, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I have to thank you for your letter of the 26th instant advising me that I have been nominated as the representative of the Chamber to serve on the Madras Advisory Committee of the Auxiliary Force Act, 1920, and shall be pleased to serve in this capacity.

Yours faithfully,
G. FRASER.

Madras, 6th February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—As I am leaving for England I shall be obliged if you will kindly tender to the Chairman and Committee my resignation from the Committee of the Chamber.

Yours faithfully,
(Sd.) G. FRASER.

Chamber of Commerce, Madras, 23rd February, 1921.

To W. O. WRIGHT, ESQ., MESSRS. PARRY & CO.,
Madras.

SIR,—I beg to advise you that at the last General Monthly Meeting of the Chamber held last night you were nominated as the representative of the Chamber to serve on the Madras Advisory Committee of the Auxiliary Force Act, 1920, in place of Sir Gordon Fraser, resigned.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 23rd February, 1921.

To THE CHIEF SECRETARY TO GOVT. OF MADRAS,
PUBLIC (WAR) DEPT,
Madras.

SIR,—In continuation of my letter of the 28th ultimo, I have the honour to state that at the General Monthly Meeting of the Chamber held yesterday Mr. W. O. Wright, of Messrs. Parry and Co., Madras, was nominated as the representative of the Chamber to serve on the Madras Advisory Committee of the Auxiliary Force Act, 1920, in place of Sir Gordon Fraser, resigned.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Madras, 28th February, 1921.

To THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—In reply to your letter, dated the 25th instant, I shall be pleased to serve on the Advisory Committee of the New Auxiliary Force Act at Madras.

Yours faithfully,
W. O. WRIGHT.

Madras, 14th November, 1921.

To THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—As I am proceeding on home leave by the next mail, I have resigned my membership of the Auxiliary Force Advisory Committee, to which I was nominated by the Chamber.

Yours faithfully,
W. O. WRIGHT.

INDIAN ARMY RESERVE OF OFFICERS.

European Association, Calcutta, 14th April, 1921.

To the Secretary, Chamber of Commerce,
Madras.

Sir,—I am attaching note regarding "The Army in India Reserve of Officers."

I would be very glad if you would let me know, at your earliest convenience, the views of your Chamber regarding the two points raised.

I have, etc.,
F. Howard Tyas, Major,
General Secretary.

Note to the Council of the European Association, the Calcutta, Madras, Bombay and Cawnpore Branches, and the Chambers of Commerce, Bengal, Bombay and Madras.

The Army are preparing a scheme for providing Officers for the Indian Army Reserve.

They want to get hold of the right type of man (a youngster recently out from Home, public school and so forth). He will have to put in one month's military training per year, and will be liable to be called to the Colours at a moment's notice.

(1) The scheme at present contemplated is that the month's training shall take place during the cold weather.

(2) An alternative is suggested, namely, that the training shall take place at a hill station during the hot weather. It is considered that employers would be far more likely to spare a member of their staff for a month in the hot weather rather than lose his services during the busy season, *i.e.*, the cold weather. Moreover, from a health point of view, by taking the training in a hill station during the summer months, he would come back to work all the fitter for his having been able to get away from the plains for that period.

This second scheme is meeting with opposition amongst certain sections of the military authorities.

I have been asked unofficially what the leading manufacturer's views of the matter are. I should be glad if you would let me know whether you favour scheme (1) or (2).

Chamber of Commerce, Madras, 14th May, 1921.

To the General Secretary, the European Association,

Calcutta.

Sir,—I am directed to acknowledge the receipt of your letter, dated the 14th April, 1921, requesting the views of the Chamber on the proposed scheme the Army are preparing to provide officers for the Indian Army Reserve which has been receiving the attention of the Chamber, and to inform you that of the two schemes submitted the second is most favoured by this Chamber provided that the training is spread over the hot season.

I am to add that the Chamber would be interested with information regarding the nature of the opposition with which the second scheme is meeting from certain Military Authorities.

It has also been suggested that the Military Authorities might offer permanent posts in the Indian Army to the hundreds of men who are now being demobilised and thrown on to the world with no work or prospects.

I have, etc.,
H. E. H. Sladen,
Secretary.

PROPOSED EXTENSION OF THE BENEFITS OF THE PROVIDENT FUNDS ACT TO PROVIDENT FUNDS ESTABLISHED BY FIRMS OR COMPANIES.

Finance Department, Simla, 5th August, 1921.

To the Secretary, Chamber of Commerce,

Madras.

Sir,—I am directed to forward a copy of a letter addressed to local Governments regarding a request received from the Bombay Chamber of Commerce that the benefits of the Provident Funds Act of 1897, which are at present restricted to the provident funds of the employees of Government or of approved local authorities, should be extended to the provident funds of the employees of firms or companies, and to request that the views of the Chamber may be forwarded to this Department through the local Government.

I have, etc.,
G. G. Sim,
Joint Secretary to the Government of India.

[ENCLOSURES.]

Government of India, Finance Department, Simla, 5*th August*, 1921.

SIR,—I am directed to forward a copy of a letter received from the Bombay Chamber of Commerce, No. 87-219, dated the 12th January, 1921, in which it is proposed that the provisions of the Provident Funds Act, 1897, should be extended to Provident Funds established for the benefit of the employees of private firms and companies.

2. The provisions of the Provident Funds Act are at present restricted to the Provident Funds of the employees of Government or of approved local authorities. Compulsory deposits in such funds are immune from attachment for debt; if a depositor dies while in service these deposits do not vest in his estate but are paid over to his heirs free from any liabilities which attach to his estate. The act also authorises the payment of certain sums from such Provident Funds to the heirs of a depositor without the necessity of going through certain legal formalities. It does not appear possible to arrange for an amendment of the Act in order to extend its provisions to the funds referred to. The present Act is intended only for Government servants or servants of *quasi*-Government bodies who are bound to obey the rules regulating such funds laid down by the Government or the local body. The Act, therefore, contains no detailed provisions regarding such funds, and, if it is decided to extend the benefits of the Provident Funds Act to private Provident Funds, it will be necessary to frame a separate Act. Such an Act would have to lay down specific conditions regarding the constitution of such Provident Funds and, probably, would have to give authority to the Civil Courts to pass orders regarding the registration or the admission of such funds to the privileges conferred by the new Act. It would probably be necessary to set up a separate registering authority to scrutinise the rules of such funds and to see whether they complied with the general conditions prescribed in the Act. Since the legislation suggested would involve restrictions on the rights of creditors, it might be necessary further to amend the provisions of the Code of Civil Procedure, see Section 60 (*k*) of that Code.

3. The financial interest of Provincial Governments might be affected to a slight extent by such legislation, as stamp duties are now a provincial source of revenue, and the proposals referred to would result in a certain amount of property passing to heirs without the payment of stamp duties.

4. A further concession which would be conferred upon such funds would be the exemption of the contributions from income-tax to the extent permissible under the Income-tax Act in regard to Government provident funds.

5. I am directed to request that the Government of India may be favoured with the views of the Local Government on the advisability of legislation in the direction suggested. If legislation is considered advisable, I am to ask for the recommendations of the Local Government regarding the particular conditions to be prescribed in the Act with which such funds must comply in order to obtain the benefits of the new legislation.

6. Copies of this letter are being addressed to Chambers of Commerce, who have been asked to forward their views through the Local Government.

I have, etc.,
G. G. SIM,
Joint Secy. to the Govt. of India

Letter No. 87-219, dated Bombay, the 12th January, 1921.

FROM—The Secretary, Bombay Chamber of Commerce.

TO—The Secretary to the Government of India, Finance Department.

I am directed to invite a reference to Section 6 of the Provident Funds Act, 1897, which limits the extension of the Act to such funds as are established

by any local authority within the meaning of the Local Authorities Loans Act, 1879, only.

2. In the above connection I am to state that many mercantile firms, as well as this Chamber and similar Associations, have established within recent years similar Provident Funds for the benefit of their employees, but owing to the provisions of the aforesaid section, subscribers to such funds do not enjoy the benefits of the Provident Funds Act, 1897.

3. I am accordingly to submit that the position as above described is an anomalous one and to request that Government may be moved to amend the Act in such a manner as to ensure that all subscribers to regularly constituted Provident Funds enjoy the benefits equally with those subscribers to Provident Funds established by Municipalities, Port Trusts, Railways and Government Departments.

Chamber of Commerce, Madras, 31st August, 1921.

TO THE SECRETARY TO GOVERNMENT OF MADRAS,
Madras.

SIR,—I enclose herewith a letter to the Government of India, Finance Department, Simla, in regard to the proposed extension of the benefits of the Provident Funds Act to Provident Funds established by firms or companies, and am to request that you will kindly forward the same to them.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 31st August, 1921.

TO THE SECY. TO GOVT. OF INDIA, FINANCE DEPARTMENT,
Simla.

SIR,—I am directed to acknowledge the receipt of your letter 1638 F. E., dated the 5th instant, forwarding a copy of a letter addressed by you to Local Governments in regard to the proposed extension of the benefits of the Provident Funds Act to Provident Funds established by firms or companies.

In reply, I am to state that the Madras Chamber supports the proposals of the Bombay Chamber in their letter No. 87-219, dated the 12th January, 1921.

I have, etc.,
H. E. H. SLADEN,
Secretary.

AMENDMENT OF CRIMINAL PROCEDURE CODE.

Judicial. Home Department, Simla, 29th October, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—The following resolution was adopted at the meeting of the Legislative Assembly held on the 15th September, 1921:

"This Assembly recommends to the Governor-General in Council: that in order to remove all racial distinctions between Indians and Europeans in the matter of their trial and punishment for offence, a Committee be appointed to consider what amendments should be made in those provisions of the Code of Criminal Procedure, 1898, which differentiate between Indian and European British subjects, Americans and Europeans who are not British subjects in criminal trials and proceedings and to report on the best methods of giving effect to their proposals."

2. The Government of India propose to appoint a Committee to inquire into this question and it is at present intended that the Committee shall meet in Delhi early in January 1922. It is thought that your Association may wish to forward a memorandum for the consideration of the Committee and in that case I am to suggest that such memorandum may be forwarded to the Secretary to the Government of India in the Home Department as early as possible.

3. Your Association might, it is thought, also wish to send witnesses for examination orally and, if so, I am to request that the names of such witnesses may also be communicated to the Secretary to the Government of India in the Home Department.

I have, etc.,
H. TONKINSON,
Addl. Deputy Secy. to the Govt. of India.

Chamber of Commerce, Madras, 21st November, 1921.

TO THE SECY. TO GOVT. OF INDIA, HOME DEPARTMENT,
Simla.

SIR,—I have the honour to acknowledge the receipt of your letter No. F. 105-Judicial, dated the 29th October, 1921, on the subject of the proposed amendments to the Code of Criminal Procedure, 1898. In reply, I am directed to inform you that the Chamber does not propose to prepare a memorandum or to send witnesses.

I have, etc.,
H. E. H. SLADEN,
Secretary.

CEYLON AND INDIAN TEAS IN AUSTRALIA.

The Associated Chambers of Commerce of India and Ceylon,
Calcutta, 14*th February,* 1921.

To the Secretary, Chamber of Commerce,
Madras.

Sir,—I am directed to invite an expression of the opinion of your Chamber on the proposal made in the attached letter, dated the 9th February, 1921, from the Ceylon Chamber of, Commerce on this subject.

I have, etc.,
H. M. Haywood,
Secretary.

[Enclosure.]

The Ceylon Chamber of Commerce, Colombo, 9*th February,* 1921.

To the Secretary, Associated Chambers of Commerce,
of India and Ceylon.

Sir,—Early in the year information was received from Melbourne that the imports of Java teas into Australia last year amounted to 20 million pounds, and that Java gardens were arranging for heavy consignments during the current year, in order to make every effort possible to oust Indian and Ceylon teas from the Australian market.

At the request of this Chamber, the Ceylon Government made representations to the Government of Australia asking that preferential treatment be given to Ceylon teas, and my Committee suggest that you should make similar representations through the Government of India, in order to secure preferential treatment for British grown teas, as had been granted in Great Britain and Canada.

Java is fortunately placed in regard to Australia, and freight and exchange give her a considerable advantage over Indian and Ceylon teas, and we trust that, in the present difficulty of placing our teas on the markets of the world, our joint representations to the Government of Australia will meet with success.

I have, etc.,
(Sd.) A. Duncum,
Secretary.

The Associated Chambers of Commerce of India and Ceylon,
Calcutta, 14*th March,* 1921.

To the Secretary, Chamber of Commerce,
Madras.

Sir,—Adverting to my No. 467-A.C., dated the 14th February, 1921, I am directed to hand you herewith, for any remarks or suggestions that your Chamber may have to offer, a

copy of a letter, No. 635, dated the 11th March, 1921, from the Bengal Chamber of Commerce (with enclosures) on this subject.

I have, etc.,
H. M. HAYWOOD,
Secretary.

ENCLOSURES.]

Letter No. 635-1921, *dated* 11*th March*, 1921.

FROM—The Secretary, Bengal Chamber of Commerce.

TO—The Secretary, the Associated Chambers of Commerce of India and Ceylon.

In reply to your No. 459-A. C., dated 14th February, 1921, I am directed to hand you the attached copies of the marginally-cited correspondence with the Indian Tea Association on this subject. The Committee of this Chamber agree with the principle of preference, but they think that the attention of the Chambers should be drawn to the views expressed by the Government of India.

(1) No. 307-0, dated 2nd March, 1921, from the Indian Tea Association, to the Bengal Chamber of Commerce, with enclosed copy of a letter, of 18th February, to the Government of India, Department of Commerce.

(2) No. 360-0, dated 9th March, from the Indian Tea Association, to the Bengal Chamber of Commerce, with enclosed copy of letter, dated 3rd March, from the Government of India, Department of Commerce.

Letter No. 360-0, *dated* 9*th March*, 1921.

FROM—The Secretary, Indian Tea Association.

TO—The Secretary, Bengal Chamber of Commerce.

With reference to my letter No. 307-0, dated 2nd March, I am directed to send you copies of a letter, dated 3rd idem, and of its enclosure, received from the Government of India, Department of Commerce, in reply to the Committee's representation to them in the above connection. I am to say that the papers will be discussed by the Committee at their next meeting.

Letter No. 1926, *dated* 3*rd March*, 1921.

FROM—The Secretary to the Government of India, Department of Commerce.

TO—The Secretary, Indian Tea Association.

I am directed to acknowledge the receipt of your letter No. 249-0, dated the 18th February, 1921, in which your Association suggests that the Commonwealth Government should be approached with a request that a preferential rate of duty should be imposed on teas imported from India into Australia.

2. In reply, I am to say that negotiations could not be opened with the Commonwealth Government in the direction suggested by your Association unless the Government of India were prepared to reciprocate by offering equivalent preferential treatment to goods or selected goods imported from Australia into India. In other words, the acceptance of the proposal of your

Association would involve the adoption by the Government of India of the principle of Imperial Preference. In this connection I am to refer you to the reply given in the Legislative Assembly on the 1st March to a question asked by Mr. Jamnadas Dwarkadas. A copy is enclosed for ready reference. It will be seen that the appointment of a Fiscal Commission has been announced and that *inter alia* the question of the adhesion of India to a scheme of Imperial Preference will be examined by this Commission. Until the Commission has reported and until a decision on the question of policy has been reached, the Government of India feel that they are not at liberty to open negotiations with the Commonwealth Government.

3. I am to suggest that your Association should bring the question raised in your letter to the notice of the Fiscal Commission. It is hoped that it will sit early next cold weather.

LEGISLATIVE ASSEMBLY.

(To be answered on the 1st March, 1921.)

(Reply by Mr. C. A. Innes, to Mr. Jamnadas Dwarkadas' question, on the subject of the Fiscal Commission.)

With the approval of His Majesty's Secretary of State for India, the Government of India have decided to appoint a Fiscal Commission with the following terms of reference, "to examine with reference to all the interests concerned the Tariff policy of the Government of India, including the question of the desirability of adopting the principle of Imperial Preference, and to make recommendations." The Government of India desire to take advantage of the Hon'ble Member's reference to the question of Imperial Preference to make their own attitude in regard to this subject clear. In the event of some scheme of Imperial Preference being found consistent with India's interests, the Government of India hope that India will not stand aloof from such a scheme, so that India's solicitude for the solidarity of the Empire may be established. But they propose to take no decision until the question has been examined by the Commission. If, on the Report of that Commission, the principle is accepted, the principle can be given effect to only by legislation, and it will be for this Assembly to decide whether that legislation should be passed or not.

[ENCLOSURE.]

Letter No. 307-0, dated 2nd March, 1921, from the Indian Tea Association.

I am directed to acknowledge the receipt of your letter No 493-1921, dated 22nd February, inviting an expression of opinion from this Association on a proposal made by the Ceylon Chamber of Commerce that the Government of Australia should be approached through the Government of India with a view to preferential treatment being given to Ceylon and Indian teas imported into the Commonwealth. I am to state that this Association support the attitude of the Ceylon Chamber and have in point of fact already addressed the Government of India in a similar sense. A copy of their letter No. 249-0, dated 18th February, to the Department of Commerce is enclosed for your information :—

* *(Letter Referred to)*

I have the honour to refer to the marginally-noted letter addressed to you on the subject of the Indian tea trade with Australia, and the extent to which Java tea has recently shown a tendency to displace British grown tea there. The Committee of this Association believe that if the Government of India were to represent the position to the Commonwealth Government, and were to explain to them the present serious condition

Letter No. 22-B, dated the 4th February, 1921, from the Calcutta Tea Traders' Association, to the Government of India, Department of Commerce.

of the tea industry of this country, they would probably see their way to introducing a preferential duty for British grown teas similar to that in existence at home. As the Tea Traders' Association point out, the Government of Australia prohibited, for a time, the import of non-British grown teas, and it is believed that they would therefore be ready to move in the direction of a preferential duty if strongly pressed to do so. This would materially help both Indian and Ceylon teas against Java, which of course possesses a real advantage over them in the matter of proximity to the Australian market, and correspondingly lower freights.

Chamber of Commerce, Madras, 31st March, 1921.

TO THE SECY., ASSOCIATED CHAMBERS OF COMMERCE,
India, Ceylon and Calcutta.

SIR,—I am directed to acknowledge the receipt of your letters Nos. 467 and 583, dated the 14th February, 1921, and 14th March, 1921, respectively, and to state that this Chamber has no objection to supporting a request to the Australian Government through the Government of India in regard to preferential treatment being given to Indian and Ceylon Teas in Australia.

I have, etc.,
H. E. H. SLADEN,
Secretary.

AMENDMENT OF SECTION III OF THE INDIAN TEA CESS ACT, 1903.

Department of Industries, Delhi, 12th March, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to refer to Act No. 1 of 1921 which has been passed by the Indian Legislature amending Section 3 of the Indian Tea Cess Act, 1903. The new Act authorises the raising of the maximum rate of cess leviable under it from ¼ pie per pound to 8 annas per 100 pounds.

2. It is not proposed to levy the cess at the maximum rate now fixed at once and, as was explained by the Hon'ble Sir Thomas Holland at the meeting of the Legislative Assembly on the 19th February last, the intention is to increase the existing rate gradually according to the requirements of the tea industry and the traders concerned. The Indian Tea Cess

Committee have suggested that the cess should be raised to 4 annas per 100 pounds, with effect from the 1st April, 1921. Before giving effect to this suggestion, the Government of India would be glad to know whether, in the opinion of your Chamber, the rate proposed is suitable and, if not, what rate your Chamber would suggest.

3. I am to request that this reference may be treated as urgent and the views of your Chamber in regard to the matter may be communicated to this department by the 26th instant at latest.

I have, etc.,
F. D. ASCOLI,
Deputy Secretary to the Government of India.

Chamber of Commerce, Madras, 24th March, 1921.

TO THE SECY. TO GOVT. OF INDIA, DEPT. OF INDUSTRIES,
Delhi.

SIR,—I am directed to acknowledge the receipt of your letter No. A-35, dated the 12th March, 1921, in regard to the proposed amendment of Section 3 of the Indian Tea Cess Act, 1903, and to state that the question will be brought up for discussion at the next General Monthly Meeting of the Chamber to be held on Tuesday, the 29th instant, and that you will be apprised of the result of the same immediately thereafter.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 30th March, 1921.

TO THE SECY. TO GOVT. OF INDIA, DEPT. OF INDUSTRIES.
Delhi.

SIR,—In continuation of my letter of the 24th instant, I am directed to state that this Chamber has no objection to your proposal to raise the rate of cess levied on tea.

I have, etc.,
H. E. H. SLADEN,
Secretary.

CONSTITUTION OF BRITISH CHAMBERS OF COMMERCE IN FOREIGN COUNTRIES AND THE USE OF THE TITLE "BRITISH EMPIRE CHAMBERS OF COMMERCE" BY APPROVED CHAMBERS.

Development Dept., Fort St. George, Madras, 18*th Oct.*, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to forward a copy of a letter and enclosures from the Government of India, Department of Commerce, No 5801, dated the 30th September, 1921, on the subject of the constitution of British Chambers of Commerce in foreign countries and the use of the title "British Empire Chambers of Commerce" by approved Chambers, and to request that you will be good enough to forward to this Government the views of your Chamber on the points raised therein.

I have, etc.,
K. NAGESWARA RAO,
for *Secretary to Government.*

[ENCLOSURES.]

Department of Commerce, Government of India.

TO THE CHIEF SECRETARY TO GOVERNMENT,
Madras.

SIR,—I am directed to forward a copy of letter and enclosures from the India Office, No. C. and R. 5173-21, dated the 22nd August, 1921, on the subject of the constitution of British Chambers of Commerce in foreign countries, and the use of the title "British Empire Chambers of Commerce" by approved Chambers, together with relevant extracts from the Report of the Foreign Office Committee on British Communities Abroad, referred to therein.

2. The Government of India would be glad to be favoured with the views of H. E. the Governor in Council and those of the commercial public in this connection.

I have, etc ,
(Sd.) J. B. TAYLOR,
Under Secretary to Government of India.

Copy of a letter from India Office, Commerce and Revenue Department, to the Government of India, Department of Commerce, No. C. and R. 5173-21, dated the 22nd August, 1921.

I am directed by the Secretary of State in Council to forward, for information, copy of the papers noted in the margin, and to invite an expression of the views of the Government of India on the questions raised.

From Board of Trade, dated 3rd August, 9 ' (with enclosures), to Board of Trade, dated 22nd August

Board of Trade, Great George Street, S. W. I., 3rd August, 1921.

SIR,—I am directed by the Board of Trade to transmit to you, for any observations which Mr. Secretary Montagu may desire to offer, a copy of a letter to the Colonial Office, of the 3rd August, together with a memorandum on the subject of the constitution of British Chambers of Commerce in foreign countries, and the use of the title "British Empire Chamber of Commerce" by approved Chambers.

I am to add that the report of the Foreign Office Committee on British Communities Abroad, to which reference is made in the memorandum, has been published as a Parliamentary Paper (Cmd. 672).

693 F. G.

3rd August, 1921.

SIR,—I am directed by the Board of Trade to transmit to you a copy of a memorandum on the subject of the constitution of British Chambers of Commerce in foreign countries, and the use of the title "British Empire Chambers of Commerce" by approved Chambers and to request that, if Mr. Secretary Churchill sees no objection, the Dominion Governments may be consulted as to the use of that designation under the conditions indicated in the memorandum.

The report of the Foreign Office Committee on British Communities Abroad, to which reference is made in the memorandum, is already known to the Colonial Office, and has been published as a Parliamentary Paper (Cmd. 672). It is suggested that a copy of the report should be communicated to the Dominion Governments when consulting them as proposed. It is understood that the Colonial Office would not have any objection, from the point of view of the Colonies, as distinct from the Dominions, to the use of the title "British Empire Chamber of Commerce" under the conditions stated.

The British Chambers of Commerce in Foreign Countries.

Use of title "British Empire Chamber of Commerce."

His Majesty's Government have had under consideration the question of giving some special form of recognition to British Chambers of Commerce established in foreign countries which are under purely British control, represent adequately local British interests, and give evidence of financial independence and stability. Recommendations on the subject were first made by a Foreign Office Committee on British Communities Abroad which reported in March 1920. The recommendations of that Committee were considered in April last by a specially convened meeting of the representatives of British Chambers of Commerce abroad who, basing themselves on the recommendations of the Foreign Office Committee, passed the following resolutions:—

(1) That in the opinion of this meeting, British Chambers of Commerce in foreign countries must confine the privilege of full membership to British subjects. The Officers, Members of Councils, and Secretary must always be British subjects.

If thought desirable foreign representatives of British firms and nationals of the country in which the Chamber of Commerce is situated who trade with the British Empire may be admitted as Members or Associate Members, with restricted rights as to voting and as to the supply of information.

(2) That British Chambers of Commerce abroad are recommended to call themselves "British Empire Chambers of Commerce" as soon as they receive the assent of the Board of Trade.

2. It has hitherto been the practice of the Board of Trade to permit British Chambers of Commerce in foreign countries which comply with certain requirements to register themselves as British Chambers of Commerce under the Companies Acts, and to omit the word "Limited". His Majesty's Government are prepared to confine this privilege in future to British Chambers of Commerce in foreign countries which comply with the requirements as to British control tated in the first of the above resolutions.

3. The second resolution recommends that such Chambers of Commerce should call themselves "British Empire Chambers of Commerce." It is claimed by the representatives of many of the British Chambers of Commerce already established in foreign countries that they are open to all members of the British Empire and are ready to serve the interests of all parts of the Empire. So far as His Majesty's Government are concerned, they would be willing to permit a representative British Chamber established in a foreign country, which complies with the conditions above laid down to register itself either as a British Chamber of Commerce or as a British Empire Chamber of Commerce, but they would be glad to know whether the Governments of the other parts of the Empire see any objection to the use of the latter designation.

Commerce C. & R. 5173-21.

22nd August, 1921.

SIR,—I am directed to acknowledge the receipt of your letter of 3rd August regarding the constitution of British Chambers of Commerce in foreign countries and the use of the title "British Empire Chambers of Commerce" by approved Chambers.

In reply I am to say that the Government of India have been asked for an expression of their views on the questions raised, and that on the receipt of their reply a further letter will be sent to you.

I have etc.,

The Secretary,
Board of Trade.

Secretary, Commerce and Revenue Department.

The Policy to be adopted towards British Chambers of Commerce in Foreign Countries.

There is, no doubt, that, in principle, Chambers of Commerce afford an admirable means of keeping the commercial community together, because they provide definite subjects for discussion and definite aims to be achieved. In principle, too, they are calculated to play a most useful part in advising and assisting British Diplomatic and Consular, officials, out of their technical knowledge of commercial affairs. They have already become, in some countries, and are destined, in our opinion, to become, in all important foreign countries, a valuable part of our national machinery. We are agreed, therefore, that the foundation of a Chamber of Commerce is warmly to be encouraged wherever there is a commercial community of reasonable size, and the development of existing Chambers.

While the foregoing conclusions cannot in principle be contested, we are obliged to admit that the evidence shows a wide variety of character among British Chambers abroad which at present hinders the practical application of these conclusions.

Chambers vary in constitution, in activity, in ideals; they are most of them alike in their cordial relations with His Majesty's Diplomatic and Consular Officials.

The main point of divergence in constitution concerns the inclusion of foreign members. Some Chambers admit foreigners to the full privilege of membership, including a seat on the Council. It would not, apparently, be unconstitutional in some Chambers for the President to be a citizen of an ex-enemy State. Other Chambers admit foreigners to membership, but give them no vote; others admit no foreigners; others admit foreign representatives of British firms. In our opinion a British Chamber of Commerce should confine the privileges of full membership to British subjects. Foreign representatives of British firms or, if thought desirable, other foreigners trading with this country, might be admitted as Associated Members without a vote, and with restricted rights to the supply of information. The governing bodies and officers should in all cases be British subjects. Chambers should be fully representative of all British commercial and industrial interests, and should secure representation in Great Britain by affiliation to the Association of British Chambers of Commerce.

One of the most widely discussed questions concerning Chambers of Commerce is that of Government subsidies. We do not consider that any Chamber should be subsidised. Each Chamber should be in a position to express the independent opinion of the British commercial community; we do not consider that independence is consistent with a Government subsidy, the amount, or continuance, of which would have to be justified by the report of the British Government representatives in the country; nor are we convinced that the absolutely necessary expenses can be too great a burden for any community which is large enough to form a Chamber. Where more than one Chamber exists in a country, all the Chambers should be associated, with some unity of direction, and should work together.

We have stated that British Chambers vary in activity. It is obviously out of the question for His Majesty's Government to create activity from within the Chambers, but they can create it from without by impressing upon their diplomatic and consular representatives that it is most desirable that they should make as full use as possible of the experience and knowledge of the Chambers by consulting the Councils on subjects affecting British trade. Discretion in this matter must be left to the representatives themselves as to the subjects on which they should consult the Councils and the manner and occasion of doing so. But where the Chamber of Commerce conforms to the type which we have indicated, we would recommend that it should not only have the right which it naturally has already, to submit its opinion on commercial matters to the British representatives, but the right to have that opinion forwarded to His Majesty's Government.

Chambers which attain the ideal that we have suggested, namely, financial independence and stability, under purely British control, full representation of local British interests, and unity of direction for the country in which they are established, should be qualified for a special charter of incorporation as an Imperial Chamber of Commerce.

British Chambers of Commerce.

That His Majesty's Government should encourage the formation in foreign countries of British Chambers of Commerce fully representative of all the British interests concerned. Subsidies, however, should not be granted. It should be impressed on His Majesty's Representatives that they should make as full use as possible of the knowledge and experience of the Chambers by consulting them on subjects affecting British trade.

In countries where the Chamber fulfils the following conditions, viz.:—

Financial independence and stability,

Purely British control,

Full representation of local British interests,

Unity of direction for the country in which it is established,

We recommend that it should be granted a special form of incorporation as an Imperial Chamber of Commerce.

(True Copy.)

(Sd.) ————

for *Superintendent, Department of Commerce.*

Chamber of Commerce, Madras, 7th December, 1921.

TO THE SECY. TO GOVT. OF MADRAS, DEVELOPMENT DEPT., *Madras.*

SIR,—In continuation of my letter, dated the 19th ultimo, acknowledging your letter No. 2744-II-21-1, dated the 18th October, 1921, on the subject of the constitution of British

Chambers of Commerce in Foreign Countries, I have the honour to inform you that the matter was considered at the General Monthly Meeting of the Chamber held on the 29th ultimo, when it was resolved that the Madras Government be informed that the Chamber approves generally of the suggestions put forward.

I have, etc.,
H. E. H. SLADEN,
Secretary.

EX-ENEMY NATIONALS AS DIRECTORS OF OR SHARE-HOLDERS IN COMPANIES INCORPORATED IN BRITISH INDIA.

GOVERNMENT OF MADRAS.

DEVELOPMENT DEPARTMENT.

G. O. No. Mis. 1499, *dated the* 12*th August*, 1921.

READ again the following :—

G. O. No. 1246, *Revenue* (*Special*), *dated the* 7th July, 1921.

READ also :—

From the Government of India, Department of Commerce, endorsement No. 1627-S., dated the 22nd July, 1921.

ORDER :—

Recorded.

(By order of the Governor in Council.)

J. M. TURING.
Secretary to Government.

Forwarded to the Chamber of Commerce, Madras.

(By Order)

————,
Deputy Collector.

[ENCLOSURE.]

Copy of letter No. 1626-S., dated the 22nd July, 1921, from the Government of India, Department of Commerce, Simla, to the Secretary to the Government of Bengal, Commerce Department.

In reply to your letter No. 2037-Com., dated the 13th May, 1921, I am directed to say that the Government of India do not propose to prevent Germans

from handling trade in India otherwise than by excluding them from this country for five years, and that they do not consider it necessary or expedient to introduce legislation for the purpose of prohibiting them from acting as directors of, or holding shares in, companies incorporated in British India for a period of five years from the termination of the war.

Copy of letter No. 2037-Com., dated the 13th May, 1921, from the Secretary to the Government of Bengal, Commerce Department, Calcutta, to the Secretary to the Government of India, Department of Commerce.

I am directed to forward, for the information of the Government of India, the accompanying copy of a letter F-J., dated the 16th February, 1921, from the Director, India Agencies, Limited, Hamburg, to the Director-General of Commercial Intelligence, which has been transferred to this Government for disposal. There seems to be no specific prohibition against late enemy nationals being allowed to act as directors of, or hold shares in, new limited companies to be incorporated in British India, but I am to enquire whether, in view of the declared intention of the Government of India, contained in paragraph 2 of the Department of Commerce letter No. 3144, dated the 17th June, 1920, and published with that Department Resolution No. 3284, dated the 22nd idem, of excluding Germans from India for five years and of not allowing them to handle trade in India for this period, it should be held that Germans should not be allowed to act as directors of, or hold shares in, companies incorporated in British India for a term of five years from the conclusion of the war.

Copy of letter No. F-J, dated the 16th February, 1921, from the Director, India Agencies, Limited, Hamburg, to the Director-General of Commercial Intelligence, 1, Council House Street, Calcutta.

In connexion with the foundation of new Limited Companies to be incorporated in British India, we have been asked to take part in it.

Would you be good enough to let us know whether former enemy aliens may now act as directors in such companies and hold shares in them

Thanking you in anticipation.

CENTRALISATION OF THE ADMINISTRATION OF THE CUSTOMS DEPARTMENT.

GOVERNMENT OF MADRAS.

Finance (Separate Revenue) Department,
dated Fort St. George, the 6th December, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

Letter from the Government of India, No. 6767, dated the 24th November, 1921.

SIR,—I am directed to forward a copy of the above letter and to request that you will be good enough to favour the

Government with the views of your Chamber on the proposals of the Government of India before the 10th January, 1922.

I have, etc.,
A. SAVARINATHA PILLAY,
for *Secretary.*

[ENCLOSURE.]

LETTER—from the Hon'ble Mr. H. A. F. Lindsay, C.B.E., I. C. S., Officiating Secretary to the Government of India, Department of Commerce (Customs Establishments).

TO—the Secretary to the Government of Madras, Finance (Separate Revenue) Department.

Dated—the 24th November, 1921.

NO.—6767.

Centralisation of the Administration of the Customs Department.

I am directed to address you on the subject of centralising the administration of the Customs Department in India and the appointment of a Controller-General for the purpose of supervising the department under the control of the Central Government.

2. The question of appointing an Inspector-General of Customs has been discussed on several occasions in the past, and it was recognised that the appointment of such an officer would afford the only effective means of securing practical uniformity in customs administration throughout India. The proposal was first put forward in 1903, when the question of the formation of an Imperial Customs Service was under consideration, but was abandoned on the following grounds, viz. :—

(1) that the Inspector-General being a peripatetic officer, could not conveniently be constituted the appellate authority from decisions of Collectors ;

(2) that his duties would not be sufficient to justify the appointment of a whole-time officer ; and

(3) that the creation of such an appointment would add very considerably to the cost of the scheme then under consideration.

For these reasons it was considered better to defer the creation of the suggested appointment, although it was realised that the service could not be thoroughly efficient without a single authority at its head. At the same time, the Government of India in this Department's letter, dated the 28th December, 1903, deprecated the idea of dissociating the local Governments from custom administration in view of the importance to maritime trade of prompt decisions on points of customs law and of the desirability of the local Governments on the seaboard of India retaining an interest in the development of maritime trade. The Government of India, therefore, confined themselves at that time to the centralisation of matters connected with recruitment, establishment and the posting of officers in the newly created service, and did not propose to interfere in any way with the powers of administration vested in the local Governments by the Sea Customs Act.

3. The question was again raised on the advent of the Decentralisation Commission in 1908, but was not pursued at that time. In 1909 it was suggested that the functions of Inspector-General of Excise and Salt should be extended so

as to include Customs also. The views of local Governments were invited on this proposal in the Commerce and Industry Department's letter No. 7527—7531—32, dated the 20th October, 1910. It was pointed out that very substantial advantages would be derived from the appointment of an Inspector-General of Customs, and that the combination of the duties of an Inspector-General of Excise and Salt and of Customs in the hands of a single officer would meet the two main objections which had hitherto been felt to the appointment of a whole-time Inspector-General of Customs, viz., the expense involved and the uncertainty whether supervision of the Imperial Customs Department alone would provide sufficient work for such an officer. It was, however, proposed that the Inspector-General should be purely an advisory officer, not only for the Government of India, but also for the local Governments, and that he should not interfere in any way with the control exercised by local Governments in regard to customs administration. Moreover, there was not at that time any intention of altering existing arrangements for the hearing of appeals in customs matters, though it was suggested that when cases involving matters of principle were taken up on appeal, a reference might be made to the Inspector-General inviting his opinion on the points at issue. This proposal received the general approval of local Governments, but was ultimately abandoned in consequence of the abolition of the appointment of Inspector-General of Excise and Salt in 1913.

4. The whole aspect of the question of customs administration in India has now undergone a complete change in consequence of the passing of the Government of India Act and the separation of central from provincial subjects. Customs having now been declared to be a central subject, the responsibility for its administration rests directly with the Government of India, and all receipts and expenditure connected therewith are included in the Imperial budget. The Government of India consider, therefore, that the time has now come to take under their direct control the entire administration of Sea Customs, and as a corollary to this decision they are of opinion that it will be necessary to appoint a Controller-General of Customs for the purpose of taking over the duties at present performed by the Chief Customs authorities at the pincipal ports.

5. It will be seen from paragraphs 2 and 3 above that the chief objections which have been urged in the past against the creation of such an appointment have been—

(1) the expenditure involved ;

(2) the impracticability of constituting such an officer an appellate authority, in view of the desirability of appeals being decided promptly and on the spot ; and

(3) the possibility that the duties of such a post would not be sufficient for the employment of a whole-time officer.

These objections no longer appear to the Government of India to carry the same weight as in the past. The first objection no longer holds good in the altered conditions brought about by the Reforms, owing to the complete separation of Provincial from Imperial finances. Under the system now in force, it will be necessary for the Government of India to make contributions to the maritime local Governments for the charges incurred by the latter in the administration of customs as the agents of the Governor-General in Council. By the centralisation of the Department and the creation of the appointment of Controller-General of Customs such contributions, at any rate in regard to the major ports, will no longer be necessary, and it is probable that considerable savings will result to the Government of India on this head. With regard to the question of appeals, the Government of India now understand that these no longer constitute a serious difficulty. The Controller-General of Customs will be concerned only with appeals from the decisions of Collectors of Customs, and such appeals in all the provinces during the last six years have averaged less than 34 a year. Applications to the local Governments for revision of the orders of the Chief Customs authorities have amounted to less than six in a year. There are, in the opinion of the Government of India, very obvious advantages, in an arrangement by which all the appeals from the decisions of

Collectors of Customs will be heard by a single authority instead of by the various Chief Customs authorities at the different ports, and they do not anticipate that appeals will be disposed of less promptly by a whole-time Controller-General of Customs than at present. The Government of India are, moreover, inclined to consider that undue stress has perhaps been laid upon this point in the past. In view of the provisions of Section 189 of the Sea Customs Act, under which no appeal is admissible until the penalty or extra duty imposed has been deposited in the hands of the Collector of Customs, a delay in the disposal of the appeal should not interfere with the prompt clearance of the goods involved in the case. Nor is there any reason to apprehend delay in the disposal of applications for revision of decisions of the Controller-General of Customs, if the powers of revision now exercised by the local Governments are transferred, either wholly or in part, to the Government of India. The commercial communities at the port towns fully realise even at present that the Government of India are the ultimate authority in such matters, and it not infrequently happens that Collectors of Customs are requested to make recommendations to the Government of India direct. It is probable, therefore, that the commercial public will welcome the constitution of an appellate authority directly under the Government of India, especially if a further application for revision be allowed to the Central Government. If the Controller-General is entrusted with this duty in addition to the general duties exercised by him in dealing with questions of administration, inspecting the various custom houses and advising the Government of India on customs matters, the Government of India consider that the duties of the post will be sufficiently onerous and responsible to necessitate the employment of a whole-time officer.

6. On the other hand, it is clear that important advantages will result from the creation of such a post. In the first place, it has always been recognised that it would only be by such an appointment that uniformity could be secured between the various ports, both in regard to the interpretation of customs law and customs administration generally. Such uniformity, though now more than ever desirable on account of the increased complexity of the tariff, becomes in present circumstances more and more difficult to obtain. It has not infrequently come to the Government of India's notice recently that the principles adopted for assessing various articles to duty vary from port to port, and it has sometimes happened that discrepant rulings have been given by the various customs authorities or the local Governments. It is, for obvious reasons, most undesirable that such differences should occur, and it is clear that in the interests of the commercial community a central co-ordinating authority is urgently needed. Not only will the classification of articles for tariff purposes tend to assume a far more scientific character under the control of such an officer, but the risk of loss of revenue through faulty assessment will also be reduced to a minimum. Secondly, uniformity in general customs administration is equally desirable. In dealing with such matters as overtime and overtime fees, Sunday fees, uniform allowances and so forth, the Government of India have on many occasions felt themselves hampered by the discrepant practices which have grown up from port to port; and they consider it essential that a serious effort should now be made to render the customs administration as far as possible uniform throughout India Thirdly, it is obvious that the present system, according to which the orders of the Government of India as the ultimate authority in customs administration have to be applied for in all important matters through the Collectors of Customs, the Chief Customs authority of the province concerned, and the local Government, tends, inevitably to cause needless delay and consequent inconvenience to the customs staff, and the commercial community. In fact, in cases of urgent importance, as for example, those connected with the restrictions on trades imposed during the war, the Government of India have sometimes found it necessary, as the local Government are aware, to dispense with the ordinary procedure and to carry on correspondence direct with the Collectors of Customs. Moreover, the present system, by which the Government of India while bearing the cost of customs establishments do not retain them under their administrative control, render impossible those direct dealings with the staff which under present-day conditions are of the greatest value. A further consideration, and one which has weighed heavily with the Government of India in coming to their present decision, is the imperative necessity for altering the present arrangement by which the customs budget is prepared by the various local Governments. Now that the

provisions of the budget have to be justified item by item before the Legislative Assembly and the approval of the Assembly has to be obtained to the expenditure proposed, it is essential that the budget should be prepared by an officer working directly under the Government of India and in the closest possible touch with them.

7. For these reasons the Government of India have decided to take under their direct control the administration of Sea Customs, and to entrust the duties at present performed by the Chief Customs authorities at the principal ports to a central authority to be called the "Controller-General of Customs." The Collectors of Customs will exercise the power of the Chief Customs Officer for each maritime province, but will, it is proposed, be subject to the Controller-General as the Chief Customs authority for the whole of India and Burma. The Controller-General will be directly subordinate to the Government of India, who will themselves assume most of the powers at present exercised by the local Governments under the Sea Customs Act. For this purpose it will be necessary to amend the customs law so as to empower the Governor-General in Council and the Controller-General of Customs to carry on the duties at present performed by the local Governments and the Chief Customs authorities. In this connexion, the Government of India will be glad to receive the views of the Government of Madras on the question of what powers, if any, should still be reserved for the local Government, and whether it would be desirable to entrust any additional powers to Collectors of Customs, who under the proposed scheme will be entirely under the control of the Central Government.

8. The main point, however, on which I am to request the opinion of the Government of Madras, is the question of the future administration of customs outports. These outports are at present administered as follows:—Those in Madras are entrusted to the staff of the combined Customs, Salt and Abkari Department, and those in Bombay to the Salt and Excise Department The outports in Bengal, Burma and Sind are generally administered by the staff employed at the principal ports in those provinces The question of providing for their administration under the proposed scheme is one of some difficulty, but the Government of India are inclined to consider that it should be capable of solution on the following lines. It is proposed that the whole administration of sea customs and the customs staff should only be imperialised at such ports as are of sufficient commercial importance to justify the maintenance of a separate staff. For the administration of such ports, the Government of India propose to create a subordinate customs service for each province, the members of which might suitably be styled "Extra Assistant Collectors of Customs". This service would be placed under the direct control of the Controller-General in matters of establishment It is suggested that officers of this service should not be transferred from one province to another save in exceptional cases. All other ports, *i. e.*, all such as are not considered to be of sufficient importance to justify a separate staff, would be closed to foreign trade. The arrangements required for carrying on preventive or coast-guard work at such ports might, in the opinion of the Government of India, be left to local officials under the Government of Madras, who would act in this connexion as agents of the Central Government. The Government of India recognise that it may be necessary to make assignments to the local Governments in this connexion so as to provide for a share of the salaries of the officers engaged in work of this nature.

9. A further question of some difficulty is that of the land customs. In the opinion of the Government of India, if the administration of sea customs is centralised, that of land customs should logically be treated in the same way. For the present, however, the Government of India see no objection to the continuance of the existing arrangements, pending a full consideration of the whole question after the appointment of a Controller-General of Customs.

10. I am now to request that the Government of India may be favoured with the views of His Excellency the Governor in Council on the above scheme generally, after consulting the commercial public. In particular, they would be glad of local Governments' opinion on the proposals outlined in paragraph 8 of this letter; and I am to request that they may be furnished with definite proposals

as to the customs outports in Madras, the administration of which can suitably be taken under the direct control of the Government of India. Finally, I am to ask that the Government of India may be furnished with :—

(1) Detailed information as to the staff at present employed in the office of the local Chief Customs authority and in the local Secretariat in dealing with customs work and the cost of such establishment, together with the number of receipts and issues dealt with by them ; and

(2) an estimate of the allotments, if any, from Imperial revenues which may be considered necessary to meet the cost of the administration of those outports which, in the opinion of the Government of Madras, should not be taken under the direct control of the Government of India.

11. If the changes indicated in this letter are finally decided upon, the Government of India would like to carry them into effect as soon as the necessary legislation can be carried through. I am, therefore, to request that a special effort may be made to send a reply to this letter not later than January 31st next.

Chamber of Commerce, Madras, 24th December, 1921.

TO THE SECRETARY TO GOVERNMENT, FINANCE
(SEPARATE REVENUE) DEPARTMENT,
Madras.

SIR,—With reference to your letter No.1261-1 S. R., dated the 6th December, 1921, enclosing copy of a letter from the Government of India, No. 6767, dated the 24th November, 1921, on the subject of the Centralisation of the Administration of the Customs, I am directed to inform you that the Chamber having considered the matter supports the proposal of the Government of India.

I have, etc.,
H. E. H. SLADEN,
Secretary.

COMMITTEE TO DEAL WITH PROPOSALS FOR THE PURCHASE OF PLANT AND MACHINERY MADE BY PERSONS OR COMPANIES TO WHOM POWER CONCESSIONS HAVE BEEN GRANTED.

Office of the Joint Secretary to Govt., P.W.D., Chepauk,
Madras, 10th May, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to inform you that the Government have under consideration a proposal to constitute a Standing Committee, consisting of officials and non-officials, to deal with

proposals for the purchase of plant and machinery made by persons or companies to whom power concessions have been, or will in future be, granted. Tenders selected by the grantees of the concession for all plant and machinery to be purchased will be submitted to this Committee and its decision as to the acceptance will be final, provided that limitations on other than British materials and workmanship shall not be such as are likely to increase the cost, delay, completion or impair efficiency.

I am to inquire whether your Chamber is willing to nominate a member to serve on the Committee.

I have, etc.,
R. NARASIMHAM,
for *Joint Secretary to Government*.

Chamber of Commerce, Madras, 1st June, 1921.

TO THE JOINT SECRETARY TO THE GOVERNMENT OF MADRAS, PUBLIC WORKS DEPARTMENT, IRRIGATION.

Madras.

SIR,—I have the honour to acknowledge the receipt of your letter No. 40-I-21-0, dated the 10th May, 1921, in regard to the formation of a Committee to deal with proposals for the purchase of Plant and Machinery made by persons or Companies to whom power concessions have been granted, and to state that at the General Monthly Meeting of the Chamber held last night, Mr. J. F. Jones, of the Madras Electric Supply Corporation, Madras, has been elected as the representative of the Chamber to serve on the above Committee.

I have, etc.,
H. E. H. SLADEN,
Secretary.

ENHANCED FEES FOR AMERICAN CONSULAR CERTIFICATES.

Chamber of Commerce, Cochin, 22nd February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I have been directed to send you a copy of this Chamber's letter of date to the American Consul, Madras, in reference to the increased fee (Rs. 10) for consular certificates,

and to request that, unless there is a really satisfactory reason for such increase, you will be good enough to also take up the question with the American Consul, Madras.

I have, etc.,
W. T. ANDERSON,
Honorary Secretary.

[ENCLOSURE]

The Chamber of Commerce, Cochin, 22nd February, 1921.

TO THE AMERICAN CONSUL,
Madras.

SIR,—The attention of this Chamber has been called to the increased cost to Rs. 10 of American Consular fee and at the monthly meeting of this Chamber held on the 17th instant. I was instructed to address you on the subject to protest against the increase and to inquire what may be the reason for it.

I have, etc.,
(Sd.) W. T. ANDERSON,
Honorary Secretary.

Chamber of Commerce, Cochin, 28th March, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With further reference to my letter of the 22nd ultimo, I now beg to enclose copy of letter received from the American Consul, Madras, and to inform you that, in view of what is stated, this Chamber has decided to do nothing further in the matter.

I have, etc.,
W. T. ANDERSON,
Honorary Secretary.

[ENCLOSURE.]

American Consular Service, Madras, India, 26th February, 1921.

TO THE HONORARY SECRETARY, CHAMBER OF COMMERCE,
Cochin, South India.

SIR,—I have received your letter of the 22nd February, 1921, relative to the increased cost of the fee for certifying invoices covering shipments to the United States, and I am very glad of the opportunity to explain to the Chamber of Commerce the reason for this increase.

The fee for the certifying of invoices is fixed by the laws of the United States at Dollars 2·50 in United States gold coin. As these fees are ordinarily paid in the currency of the country where certified, and since the amount of the fee is to be remitted to the United States Treasury, an amount in the local currency sufficiently large to cover the cost of a draft on New York must be collected. It is obvious that this amount in local currency must be at least as high as the exchange bank's selling rate. For some time the practice was followed of changing

the amount of the fee as the bank rate changed, but as these rates changed almost daily, this was found to be impracticable. The Consul-General at Calcutta has adopted the practice of fixing the rate there and notifying the American Cousuls at the other ports in India, and this rate is followed throughout India Since this procedure was adopted, the rate at which fees are collected has been changed but twice. The present rate, effective on the 24th February, 1921, is Rs. 10-10-0 for each dollar, and if the rupee should decline further in value, the amount to be collected in rupees will have to be increased again:

I have, etc.,
L. G. DAWSON,
American Consul, Madras, India,

Chamber of Commerce, Madras, 4*th April,* 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Cochin.

SIR,—I am directed to acknowledge the receipt of your letter of the 22nd February, 1921, in regard to the enhancement of American Consular fees and to state that it was resolved at the last General Monthly Meeting of the Chamber, held on the 29th ultimo, to address the American Consul, Madras, enquiring the reason for raising the fee for American Consular certificates. However, since the receipt of your letter, dated the 28th March, 1921, forwarding copy of a communication from the American Consul, Madras, explaining the reasons for the increase in the cost of American Consular certificates, no action has been taken in the matter.

I have, etc.,
H. E. H. SLADEN,
Secretary.

DUTY ON THE COMPONENT PARTS OF MACHINERY.

South Indian Industrials, Ltd., Madras, 14*th September,* 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—We are enclosing copies of correspondence, marked A to E, relating to an excess duty which we have been charged by the Customs authorities, and which we are making the subject of an appeal to the Board of Revenue. The correspondence arose out of our being charged duty at 11 per cent. on the contention that "the component parts of the engine" (which had already been taken delivery of by us) "were not indispensable for the working of the machinery and that they therefore did not fall within the definition of the component parts of the

machinery as given in the Tariff." Against this contention we would invite a perusal of enclosure B from our Jute Mill Engineer who is definite in his declaration that "the component parts in question are just as essential and indispensable for the working of the engine as many other parts (the cylinders, for instance, or the fly wheel)" and that "inasmuch as these are component parts of the whole machine, one is just as indispensable as the other."

In view of this testimony from our Jute Mill Engineer, it is reasonable for us to conclude that the excess duty, which has been imposed on us is unjustifiable, and we would therefore invoke the protest of the Chamber in support of our objection to pay the excess duty of 11 per cent. as against 2½ per cent. which we are liable for.

Our Manager and Engineer Mr. Lockley, of our Reliance Engineering Works, and our Managing Director interviewed the Collector of Customs independently, and explained to him the reasonableness of our claim for a duty of 2½ per cent., but their representations proved futile.

I have, etc.,

J. CURTIS,

Secretary.

[ENCLOSURES.]

Custom House, Madras, 18th July, 1921.

TO THE SOUTH INDIAN INDUSTRIALS, LTD.,
Madras.

SIR,—With reference to Mr. W. H. Lockley's visit to the Custom House on the 5th instant, I have the honour to state that after careful consideration, I find that the plates ex. s.s. *Clan Ogilvy* cannot be assessed as component parts of machinery under article 82 of the Tariff Valuation Schedule, inasmuch as they are not indispensable for the working of the machinery and therefore do not fall within the definition of component parts of machinery given in the Tariff. They are consequently assessable at 11 per cent. *ad valorem* as, "all sorts of iron and steel and manufactures thereof, not otherwise specified". Provisional duty on the goods will be adjusted accordingly.

I have, etc.,

(Sd.) A. M. GREEN,

Offg. Collector of Customs.

South India Industrials, Ltd., Chittivalsah, 25th July, 1921.

TO THE SOUTH INDIAN INDUSTRIALS, LTD.,
Madras.

SIR,—I have your letter No. J 17-120, dated the 21st July, together with copy of letter from the Officiating Collector of Customs, and am very much surprised at what he writes with reference to the Air Pump Beam and foundation plate for our new engine. I sent a plan showing the beams and plates as being component parts of the engine just as essential and indispensable for the working of the engine as many other parts (the cylinders for instance or the fly wheel). These

are all component parts of the whole machine, and one is just as indispensable as the other, and the engine would be a useless machine without these beams and plates just as it would be without the cylinders or any other part which goes to make up the whole machine.

I would certainly object to pay the excess duty, otherwise it would form a precedent and there is no saying where it would end.

I have, etc.,
(Sd.) D. Gow,
Manager.

South Indian Industrials, Ltd., Madras, 6th August, 1921.

To A. M. Green, Esq., Offg. Collector of Customs,
Madras.

Sir,—We are in receipt of your letter No. 2422-21, dated the 18th July, on the subject of which Mr. Lockley has interviewed you since. Subsequent to this we have received a letter from the Manager of our Jute Mills, which confirms us in the opinion that the assessment is mistakenly applied.

Our Managing Director would have seen you personally about this, but having had to go urgently to Calcutta, he has proceeded there and will see you on his return shortly.

Meanwhile we would thank you to kindly hold the assessment in abeyance pending the result of our Managing Director's interview with you.

We have, etc.,

Custom House, Madras, 13th August, 1921.

To the South Indian Industrials, Ltd.,
Madras.

Sir,—I have the honour to acknowledge the receipt of your letter, dated the 6th instant, and to state, in reply, that I will postpone adjustment of duty on the consignment of C. I. plates ex s. s. *Clan Ogilvy* until the end of this month pending the Managing Director's visit.

I have, etc.,
(Sd.) A. M. Green,
Offg. Collector of Customs.

Custom House, Madras, 2nd September, 1921.

To the South Indian Industrials, Ltd.,
Madras.

Sir,—In continuation of my letter R. O. M. 2422-21, dated the 13th ultimo, and with reference to your Managing Director's visit on the 29th idem, I have the honour to inform you that the actual duty on the C. I. plates in question will be adjusted at 11 per cent. *ad valorem* as already advised in this office letter, dated 18th July, 1921.

2. I may add that an appeal lies to the Board of Revenue against my decision under Section 188 of the Sea Customs Act.

3. Please forward for adjustment the bill of entry for the plates. It was taken away by your clearing clerk.

I have, etc.,
(Sd.) A. M. Green,
Offg. Collector of Customs.

Madras, 20th September, 1921.

TO THE SOUTH INDIAN INDUSTRIALS, LTD.,
Madras.

SIR,—I am directed to acknowledge the receipt of your letter of the 14th instant, in regard to the excess duty charged by the Customs authorities on the component parts of machinery, and to state that it is receiving the attention of the Chamber and will come before the next General Monthly Meeting for discussion.

I have, etc.,
H. E. H. SLADEN,
Secretary.

South Indian Industrials, Ltd., Madras, 21*st September,* 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—We are in receipt of your letter, dated the 20th instant, for which we thank you and enclose a copy of our appeal to the Secretary, Board of Revenue, for the information of the Chamber and for its support.

I have, etc.,
H. M. EBRAHIM SAIT,
Managing Director.

[ENCLOSURE]

South Indian Industrials, Ltd., Madras, 19*th September,* 1921.

TO THE SECRETARY, BOARD OF REVENUE,
Chepauk, Madras.

SIR,—We beg to submit an appeal against what, in our opinion, is an arbitrary impost of duty by the Customs authorities and which in the light of the facts narrated below will, we are assured, convince you of the reasonableness of our protest to you.

The facts briefly are that, we imported a consignment of an engine and its component parts, some of which arrived in advance of the others on which we paid duty at 2½ per cent. ; while on the later instalment of the consignment of component parts of this engine, we are charged duty at 11 per cent.

We quote in parallel columns below the reason given by the Collector of Customs for charging the extra duty and the contention of our Jute Mill Manager against it.

The Collector of Customs appears to support his reasons by the rigid interpretation of the Customs Tariff, and it is just here that we join issue with him in asserting with our Jute Mill Engineer, that the component parts in question *were* essential for the working of the engine.

In view, therefore, of our representation, we beg that you will be pleased to decide this case on its merits and against any rigid application of rules which are being imposed on us.

We have, etc.,
(Sd.) H. M. EBRAHIM SAIT,
Secretary.

Chamber of Commerce, Madras, 30th September, 1921.

TO THE SOUTH INDIA INDUSTRIALS, LTD.,
Madras.

SIR,—In continuation of my letter of the 20th instant, I am directed to inform you that the matter was discussed at the General Monthly Meeting of the Chamber held on the 27th instant, when it was resolved that the Chamber cannot interfere in this matter, but will be glad to hear the result of the appeal to the Board of Revenue.

I have, etc.,
H. E. H. SLADEN,
Secretary.

EXCHANGE POSITION.

Chamber of Commerce, Madras, 21st February, 1921.

TO THE SECRETARY TO GOVERNMENT, FINANCE DEPT.
Delhi.

SIR,—I have the honour to confirm the telegram despatched by the Madras Chamber of Commerce on the 19th instant as per copy enclosed.

I have, etc.,
O. KERSHAW,
Secretary.

[ENCLOSURE.]

Telegram to the Finance Department, Delhi, dated the 19th February, 1921, from the Chairman, Chamber of Commerce, Madras.

"Madras Chamber of Commerce strongly of opinion that Government of India reply to Karachi Chamber of Commerce touching Government's inability to guarantee Exchange at 1s 4d is adversely affecting markets already demoralised and not unlikely lead to crisis. Is it not possible for Government to come

to some arrangement with Exchange Banks to guarantee remittance at 1*s*. 4*d*. similar to plan for guaranteeing returns against exports during the war. This would have a good moral effect."

TO THE CHAIRMEN, CHAMBERS OF COMMERCE,

Bengal, Bombay and Karachi.

SIR,—I am directed to confirm the telegram despatched by the Madras Chamber of Commerce on the 19th instant as per above copy.

I have, etc.,

O. KERSHAW,

Secretary.

Telegram from the Finance Department, Government of India, Delhi, dated the 19th February, 1921, to the Chairman, Chamber, of Commerce, Madras.

"Following telegram has been sent to Karachi Chamber. Government of India have observed that terms of their telegram of 11th February have given rise to misapprehension regarding future Government policy in Exchange. That telegram referred solely to the immediate present and its intention was to indicate that in the existing highly abnormal conditions of trade any Government intervening would for the present be ineffective".

Telegram from the Finance Department, Delhi, dated the 22nd February, 1921, to the Chairman, Chamber of Commerce, Madras.

"Your telegram 19th February regarding Exchange has crossed with our telegram of same date repeating a further telegram from Government to Karachi Chamber. Latter telegram answers your query".

Telegram from the Chairman, Chamber of Commerce, Madras, dated the 3rd March, 1921; to the Finance Department, Delhi.

"Have Government considered advisability of temporarily prohibiting imports of gold and silver with a view to reduce balance of trade against India?"

Finance Department, Delhi, 11th March, 1921.

To the Chairman, Chamber of Commerce,
Madras.

Sir,—I am directed to acknowledge the receipt of your telegram of the 3rd March, 1921, in which the Committee of your Chamber enquire whether the Government of India have considered the advisability of temporarily prohibiting the imports of gold and silver with a view to reduce the balance of trade against India.

2. In reply, I am to say that the Government of India have considered the matter, but they are of opinion that any interference on the movements of precious metals would not provide any satisfactory solution, and would also be open to objection on the ground of re-imposition of control.

I have, etc.,
E. M. Cook,
Secretary to the Government of India.

Chamber of Commerce, Madras, 16th March, 1921.

To the Chairman, Chamber of Commerce,
Karachi.

Sir,—I am directed to acknowledge the receipt of your telegram, dated the 15th instant, received here this morning reading:

"This Chamber presses for removal all export duties and Government control of exports also imposition of import duty on silver. We have authorised Price, President, Sind Branch European Association, and Member, Legislative Assembly, to put our views before Budget Select Committee and left Legislative Assembly this week. Should you concur with our policy which aims at restoring normal trade conditions and checking further fall in exchange, would you authorise your representative in Legislative Assembly to take similar course and support Price."

In reply, I am to forward copy of a letter from the Finance Department, Government of India, dated the 11th instant, to this Chamber, from which you will see that so long ago as the 3rd idem we telegraphed to the Government of India suggesting the prohibition of import of gold and silver. The letter referred to is the first acknowledgement we have had to our suggestion, and in all the circumstances this Chamber does not feel that much more can be done in the matter.

The question of asking Mr. Eardley Norton, the Madras representative in the Legislative Assembly, to support the

action to be taken by Mr. Price will be considered by us and, if thought that any good purpose would be served thereby, necessary action will be taken.

I have, etc.,
H. E. H. SLADEN,
Secretary.

IMPORTS.

Office of the Madras Piece-goods Merchants' Association (Incptd.) Madras, 4th January, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I send herein enclosed a copy of the resolution passed by the Madras Piece-goods Merchants' Association (Incptd.), on the 31st December, 1920, for your information.

I have, etc.,
P. AIYANNA CHETTY,
President.

[ENCLOSURE.]

"Considering the enormous losses, the Importing Merchants are put to, consequent upon the low rate of exchange and in view of the assurances given by the Government as to the rates of exchange, and the passing of the law in the Supreme Legislative Council, fixing the rate at 2*s.* per rupee, it is resolved that the Firms and Banks in Madras be requested to extend the time for the payment of or for the fixing of rates of all drafts for piece-goods imported either direct or through firms to such date as the exchange rate reaches 2*s.* per rupee."

Office of the Madras Piece-goods Merchants' Association (Incorporated), Madras, 21st February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—It is the earnest desire of our Association that a resolution on the lines suggested in a separate sheet enclosed herein should be passed by all the Chambers of Commerce, and Importing Merchants' Associations throughout India. I am, therefore, directed to request you to express the views of your Chamber and I shall be highly obliged if you will kindly let me know at your early convenience.

I have, etc.,
MD. MUSA SAIT,
Hon. Joint Secy.

[ENCLOSURE.]

"Having regard to the present grave financial crisis and also in the best interests of future foreign trade in India, this Association resolves that all further foreign imports, except food-stuffs, should be stopped for a period of at least nine months, and urges upon all such importers of other parts of India the advisability of taking same or similar steps, and requests the local Government to recommend to the Government of India the immediate passing of a Legislative measure placing complete embargo on all foreign imports for nine months, or to take such steps as to tide over the present financial situation.

This resolution to be communicated to the local Government, the Government of India, and the Chambers of Commerce, Calcutta, Bombay, Karachi, Delhi and Madras."

Office of the Madras Piece-goods Merchants' Association (Incorporated), Madras, 1st March, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE, *Madras.*

SIR,—I have the honour to forward herein enclosed copy of the resolution passed at an extraordinary general meeting held on the 28th February, 1921, and to state that, though various suggestions have been made from time to time by the Association with regard to stabilising the exchange, up to now Government have not taken any measures to assist the mercantile community and that with steadily accumulating stocks, the position has altered so much that any interference now on the lines previously suggested, is more likely to aggravate than alleviate the existing difficulties. If the rupee were artificially raised to-day to 2*s*., it would only stimulate buying and would increase the merchants' present burden. Moreover, merchants who have paid their dues, would not benefit and it would not be fair for Government to stabilise exchange unless they compensated those who have met their engagements regardless of loss.

It has been suggested that the position will right itself if all importers throughout India undertake to refrain from purchasing any goods outside the country for 12 months, but there is no means of enforcing such an undertaking, not to prevent foreign agents from forwarding consignments free, not to prevent new people not bound by this agreement from entering the market.

In these circumstances I feel that the only satisfactory method of regularising the present position, will be to levy a special extra import tax equivalent to the depreciation of the rupee below par (par 33⅓ – 40 per cent.) on the market value of all commodities except food-stuffs, drugs, machinery and books imported during the next 12 months. This order should be in force for one year from the date of enactment, only after which normal conditions will be resumed. To obviate evasions, all importers should file a statement of all goods now on their books

with the Collector of Customs within seven days and only such goods as are mentioned in such statement, will be allowed to come into the country at the ordinary rates of duty.

The advantages, I see in this course, are the following :—

(*a*) It will give confidence to up-country dealers in purchasing stuff and will thus help to move off the heavy stocks which are an effective bar to further business.

(*b*) It will induce the traders in Bombay, Delhi, Karachi, Calcutta and elsewhere, who have refused to take up their bills, to reconsider their decision as they will now have an opportunity of moving off their imports without being ruined.

(*c*) It will have the same effect as the proposal to stop buying for one year.

(*d*) It will not require any artificial interference with the rupee, as exchange will gradually right itself as the flow of imports diminishes. Nor will it adversely affect exporters, as for this season, they will get the full benefit of the present low rates.

I have, etc.,
P. AIYANNAH CHETTY,
President.

[ENCLOSURE.]

Copy of the resolution passed at an extraordinary general meeting of the Association held on the 28th February 1921.

" Having regard to the present financial crisis and in the interests of future foreign trade in India the members of the Association resolve that all further imports should be stopped for a period of 12 months and urges importers of foreign goods in other parts of India to support them.

Requests Government to pass a measure temporarily discouraging all imports except food-stuffs, drugs, machinery and books by imposing for a period of 12 months an extra customs levy fully equivalent to the depreciation of the rupee below par."

(Sd.) P. AIYANNAH CHETTY,
President.

Delhi Piece-goods Association, Delhi, 1st March, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I enclose copy of a cablegram received from the Manchester Chamber of Commerce in reference to the attitude of traders in refusing to retire their bills unless at a minimum

exchange of 2s. per rupee, for circulation to members of your Chamber.

I have etc.,
J. C. ROBERTS,
Chairman.

[ENCLOSURE.]

Manchester, 25th February, 1921.

The executive of the India section Manchester Chamber of Commerce having considered the trade situation in India with particular reference to the attitude of dealers imprudently refusing to pay their drafts unless the exchange rate be not 2s. per rupee, records their condemnation of this attitude which is held to be contrary to all principles of fair dealing; moreover the executive feels, if the sanctity of contracts is to be thus violated by, and with the authority of, official bodies representative of traders in India, future Commercial relations will be jeopardised; whilst sympathising with the Indian dealers in their present difficulties, the executive in view of the above consideration are unable to advise Manchester shippers to submit to the drastic action of the dealers, neither can they associate this Chamber with the recommendation to grant concessions.

Chamber of Commerce, Madras, 9th March, 1921.

TO THE SECRETARY,
(1) Bengal Chamber, Calcutta.
(2) Bombay Chamber, Bombay.
(3) Karachi Chamber, Karachi.

I am directed to hand you herewith a copy of a memorial sent to the Governor of Madras, by a certain section of Indian importers requesting the prohibition of all India imports with minor exceptions for a period of six months or longer.

I am to ask if importers in your market are moving in this direction and what are your Chamber's views.

I am to add that the Committee of this Chamber has carefully considered this question and allied questions raised by Indian importers of putting an import duty of 50 to 100 per cent. and have come to the conclusion that both are quite impracticable.

The same applies to what may be called the 2s. exchange resolutions some of which have been passed in this market.

I am to add further that this Chamber has taken up the position that it will serve no good purpose by discussing such resolutions with the various Indian Importers' Associations.

I have, etc.,
H. E. H. SLADEN,
Secretary.

[ENCLOSURE]

This humble memorial of the Indian Importers of Foreign goods in Madras.

MOST RESPECTFULLY SHOWETH,—That many contracts were entered into with European firms both here and in Great Britain at rates which, at the time, seemed favourable owing to the general expectation that the value of the rupee would be stabilised at 2*s*. in accordance with the recommendation of the Currency Commission; that the fluctuations in the value of the rupee which have taken place during the past nine months have entirely altered the situation as importers are now being called upon to pay for goods, which were contracted for when rates were favourable, at the present depreciated rate of exchange: that as a consequence importers quite apart from the fact of their being generally not in a position to enter into future contracts find themselves absolutely unable to honour bills in respect of goods already contracted for: that goods in consequence are accumulating in this port: that the general feeling of uneasiness caused by the present position added to the non-co-operation movement is entirely preventing up-country dealers from operating with the result that prices are steadily falling thus causing irreparable loss to merchants, wholesale and retail: that further imports of goods can only help to further demoralise the market which is already in a panic condition.

That what is required at the present time is to engender confidence in the purchasing public, and that this can only be brought about by the Government immediately passing a Legislative measure prohibiting all imports, except food-stuffs, drugs, machinery, and books, for a period of six months, or such time as Government may consider necessary, Government reserving to themselves the right to repeal the measure at any time.

That unless some such measure as suggested above is passed at an early date, the importers generally will undoubtedly be ruined and consequently the future foreign import trade of India will suffer to a very large extent.

And that if the present grave financial situation is allowed to continue further, there can be only one result, which is the absolute annihilation of the import merchants who are already on the verge of financial ruin unless Government act immediately.

Madras,
21st Feb. 1921.

The Indian Importers of Foreign Goods in Madras.

Chamber of Commerce and Manufactures, Glasgow,
15*th February*, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am instructed to inform you that at a meeting of the Foreign Affairs Committee of the Directors of this Chamber held yesterday, the following resolutions adopted at a meeting of the East India Section of the London Chamber of Commerce and of London Indent Merchants interested in trade with India held on 7th instant, were submitted, viz.:—

That the Chambers of Commerce of India and the Indian Mercantile Associations be informed that at a joint meeting of the East India Section of the London Chamber of Commerce and of Indent Merchants interested in trade with India, consideration was given to resolutions adopted by various

Commercial Associations in India, containing a mandatory instruction to the members of their Associations to refuse to pay their drafts unless the rate of exchange be not under 2*s*. per rupee.

That the East India Section and the London Indent Merchants express strong disapproval of the attitude adopted by the Associations of India as being contrary to all business morality and as destructive of the sanctity of contracts.

That the meeting desires to express the opinion that such resolution, if adhered to, will have a most damaging effect on all present and future business with India and render impossible the continuance of the past relations between suppliers in this country and importers in India.

The Committee unanimously resolved to support the above resolutions and I was instructed to communicate with the Indian Office, the London Chamber of Commerce, the Association of British Chambers of Commerce and the principal Chambers of Commerce in India, accordingly.

I have, etc.,
THOS. CAMMIADE,
Secretary.

Chamber of Commerce, Bombay, 11th March, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to acknowledge receipt of your letter, dated the 9th March, 1921, forwarding a copy of a memorial addressed to H. E. the Governor of Madras by a section of Indian importers in Madras, and to say that the same will be laid before my Committee at their next meeting.

I have, etc.,
W. BEECH,
for *Secretary.*

Bengal Chamber of Commerce, Calcutta, 22nd March, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—In reply to your letter, dated 9th March (with enclosure), in this connection, I am to say that the Committee of this Chamber agree with you that the proposed prohibition of imports is an entirely impracticable measure. So far there is

nothing to show that Indian merchants here contemplate moving in favour of restriction; and this Chamber would certainly not support any such proposal.

I have, etc.,
H. M. HAYWOOD,
Secretary.

Chamber of Commerce, Bombay, 22nd March, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to acknowledge, with thanks, receipt of your letter of the 9th instant, and its accompaniment, and in reply to state that the last paragraph of your letter is, in the opinion of my Committee, a concise summary of the attitude adopted by them in the matters under reference.

I have, etc.,
C. B. SAYER,
Secretary.

Karachi Chamber of Commerce, Karachi, 23rd March, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to acknowledge receipt of your letter of the 9th instant, forwarding copy of a memorial sent by a certain section of Indian importers to the Governor of Madras requesting the prohibition of all India imports for a period of 6 months, and asking this Chamber to express its views on the subject.

In reply, I am directed to inform you that my Committee have already replied to a similar inquiry from the Madras Piece-goods Merchants' Association. I beg to give below, for your information, a copy of my Committee's Resolution, No. 88, of 8th March, 1921:

"Resolution.—The Secretary, Madras Piece-goods Merchants' Association, to be informed that the Chamber could not possibly support such a resolution, as in their opinion it would be a restraint on trade which would be unjustifiable."

I have, etc.,
E. D. ROGERS,
Secretary.

Burma Chamber of Commerce, Rangoon, 15th April, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to point out that considerable advantage has been taken of the drop in exchange by Native piece-goods dealers in Burma in order to repudiate their contracts, or to refuse payment of their bills and interest on overdue accounts on various pleas, such as that the Government of India guaranteed to fix the rupee at two shillings, and that payment cannot reasonably be demanded at any other rate.

I am desired to invite you to be so good as to state the position of affairs in your city and what action, if any, your Chamber may have taken to deal with it.

I have, etc.,
C. A. CUTTRISS,
Secretary.

Chamber of Commerce, Madras, 4th May, 1921.

TO THE SECRETARY, BURMAH CHAMBER OF COMMERCE,
Rangoon.

SIR,—I beg to acknowledge the receipt of your letter, dated the 15th April, 1921, requesting this Chamber to acquaint you with the present condition of the piece-goods market in this City, and of the action, if any, taken by this Chamber in regard to it.

In reply, I am directed to forward you a copy of the Minutes of Proceedings at the General Monthly Meeting of the Chamber held on the 29th March last, and to invite your attention to Paragraphs 3 and 4 and to the resolution passed by the Chamber thereon.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Bombay, 29th June, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to forward, for the information of the members of your Chamber, the underquoted copy of a telegram

dispatched by my Committee to the Government of India, in the Finance Department, on the 13th instant :—

"Referring to the telegram of the Bombay Native Piece-goods Merchants' Association, the Committee of the Bombay Chamber of Commerce are anxious that there should be no misunderstanding as to the nature of the disputed contracts. The contracts are in sterling and any refusal to meet invoices in sterling constitutes repudiation nor is the buyer entitled to tender rupees against sterling contracts at any arbitrary rate of exchange. The Committee, while recognising fully the difficulties of all parties, desire to reiterate the principle of the sanctity of contracts and strongly deprecate the Bombay Native Piece-goods Merchants' Association's statement that their present policy of refusing to settle, except at an arbitrary rate of exchange, differs in any way from wholesale repudiation of contracts."

The communication, referred to by my Committee in the above telegram, was addressed by the Bombay Native Piece-goods Association to the Government of India a few days previously, and reads as follows :—

"The Committee of the Bombay Native Piece-goods Merchants' Association have read with deep resentment a statement made by the Premier before the House of Commons with reference to the exclusion of India from the Credits scheme. Mr. Munmohandas, Chairman of this Association and representative of the Indian Merchants' Chamber in the Legislative Assembly, strongly protested against the baseless allegations of the Finance Member against the morality of the Indian commercial community. The step taken by the Bombay piece-goods merchants does not, as Mr. Munmohandas Ramji pointed out, amount to repudiation at all of commercial engagements, nor any breach of contracts. This step was due to the muddle created in exchange by the Government. We have never repudiated our contracts, but have invariably offered to meet our obligations at official and legal rate. We have even gone beyond and offered to meet in a friendly spirit of co-operation with the shippers, but the step was not responded to in a fair spirit by British importing houses, and the reasonable and constitutional agitation of piece-goods merchants has been perverted in a cruel and unjust manner first by the importing houses, then by the Finance Member and now by the Premier. My Committee request Government to convey to the Premier their feeling of emphatic protest and resentment against his statement amounting to gross libel calculated to injure credit of merchants throughout the world."

I have, etc.,

C. B. SAYER,

Secretary.

Chamber of Commerce, Madras, 5th July, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Bombay.

SIR,—I am directed to acknowledge the receipt of your letter No. 1303-80 of 1921, dated the 29th *ultimo*, in regard to the repudiation of contracts due to exchange, and to state that this Chamber is in full accord with your views on the question.

I have, etc.,
H. E. H. SLADEN,
Secretary.

NON-CO-OPERATION.

Chamber of Commerce, Cocanada, 9th February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I have to advise that a discussion took place in this Chamber regarding the Non-co-operation movement and I am directed to state that this Chamber views with grave concern the progress of the movement. The members consider that the time has now arrived when more definite action should be taken by Government, and that the benevolent apathy which has characterised Government's attitude in the past should be discarded and a more definite line of action taken to meet the emotional attitude and inflammatory speeches of the leaders of the Non-co-operation movement, influencing as they are the immature minds and judgement of the students and the general populace to their detriment. As the members of your Chamber have doubtless observed the irresponsible verbosity is becoming more inflamed as the leaders gain in confidence owing to non-interference by Government, and it is leaving a marked influence on the up-country mercantile Community and on the more sober-minded and law-abiding Indians who are beginning to wonder when action will be taken to ensure that such utterances at least are brought within the bounds of truth and reason. If Government considers the movement too wide-spread to deal with legally, the press, the Publicity Bureau and loyal Ministers of the Council should be co-opted to assist in an organised movement to point out to the general public the grave danger in the wild statements made by the Non-co-operation leaders.

This Chamber further considers that a concerted move should be made by all Chambers of Commerce to draw the attention of Government to the feelings of the mercantile Community generally and they would be glad to have the views of your Chamber upon this urgent and important subject.

I have, etc.,
J. A. MULLER,
Secretary.

Chamber of Commerce, Madras, 23rd February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Cocanada.

SIR,—With further reference to your letter of 9th instant, the matter has now been fully discussed in Committee of this Chamber. We feel that very little would be gained by addressing the Government of India. It seems a pity that holding such strong views on the Non-co-operation movement your Chamber did not attend the Conference of Chambers at Calcutta on 24th ultimo, this would have afforded a better opportunity of ventilating the question than writing to us on 9th instant. However, there can be no harm now in your addressing the Associated Chamber's office, on the lines of yours under reference, and asking it to be circulated to the various Chambers.

On the whole, we here are inclined to agree with you. Several of our members have had experience that the stagnation in up-country bazaars is, to some extent, due to Non-co-operation propaganda. We purpose sending a copy of your letter and of this reply to the Government of Madras. Their recent action in Calicut shows that our Government is alive to the dangers of the Non-co-operation movement. And if Government can do anything through the medium of the Publicity Bureau towards advising up country bazaars against the policy of allowing Non-co-operation propaganda to interfere with the clearing of goods, we feel sure it will be done.

I have, etc.,
JAS. F. SIMPSON,
Chairman.

Chamber of Commerce, Madras, 23rd February, 1921.

TO THE CHIEF SECRETARY, GOVERNMENT OF MADRAS,
FORT ST. GEORGE,
Madras.

SIR,—I have the honour to invite your attention to the enclosed copy of a letter to this Chamber, from the Cocanada Chamber of Commerce, and to copy of our reply.

The Committee of this Chamber are of opinion that it would be worth the while of the Publicity Bureau to endeavour to combat the effect the Non-co-operation movement seems to be having in various centres in the way of interfering with the clearance of goods.

We trust Government will think well of the suggestion and order the necessary action to be taken.

2. *Exchange.*—I take this opportunity of informing you that telegrams have been exchanged between this Chamber and the Government of India as per copies enclosed.

The Committee has also been considering what may be called the two shillings exchange resolutions, the question of prohibition of imports, and such like points having bearing upon the crisis in the Import Trade. We have come to the conclusion that, for the immediate present at any rate, it could serve no useful purpose in addressing Government in the matter.

I have, etc.,
JAS. F. SIMPSON,
Chairman.

VISIT OF MR. BELL, A MEMBER OF THE RAILWAY BOARD.

Royapettah P. O., Madras, 8th July, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed by the Railway Board to inform you that Mr. E. A. S. Bell, a Member of the Board, will be visiting Madras on tour on or about the 28th July, 1921, and to inquire of you whether there are any subjects which your Chamber particularly desire to discuss with him. An early reply is requested.

I have, etc.,
E. BARNARDISTON,
Senior Government Inspector.

Chamber of Commerce, Madras, 14th July, 1921.

TO THE SENIOR GOVT. INSPECTOR OF RAILWAYS,
Madras.

SIR,—I am directed to acknowledge the receipt of your letter No. 449, dated the 8th July, 1921, and to state that the

Chamber would be glad of the opportunity to meet Mr. Bell while in Madras. If necessary, a note of the questions, which the Chamber wish to discuss, will be sent later.

I have, etc.,
H. E. H. SLADEN,
Secretary.

The Minutes of Proceedings at a Committee Meeting of the Chamber to meet Mr. E. A. S. Bell, a Member of the Railway Board, Government of India, held on Tuesday, the 26th July, 1921, at the Chamber of Commerce Room, Imperial Bank of India, Mount Road, when the following were present:—

Mr. J. F. Simpson, M.L.C. ... ... *Chairman.*
Mr. W. Alexander, M.L.C. ... ... *Vice-Chairman.*

Messrs. A. F. Buchanan, W. Lamb, T. M. Ross, W. A. Turner, and F. E. L. Worke; also by invitation Messrs. A. A. Biggs, and F. B. Wathen representing the Madras and Southern Mahratta Railway, and Messrs. C. Crighton and A. W. Acres representing the South Indian Railway, and Mr. H. E. H. Sladen (Secretary).

The Chairman, in introducing Mr. Bell, said that questions of detail relating to the amendment of Risk Note forms B and H, the shortage of wagons, and the liability for payment of demurrage to railways on account of wagons held up in consequence of a general strike, also transport of coal, were recently engaging the attention of the Chamber, but he would not ask Mr. Bell to deal with them. Details were all available on the record. He emphasised the statement which he had made before the Indian Railway Committee at the beginning of the year, viz., "that the Chamber would like to see a permanent Member on the Railway Board with special experience of South India and its needs. In this latter connection, the Chamber is under the impression that South Indian interests have often suffered in distribution of funds for Capital expenditure. There is a very general belief in these parts that those larger and richer lines nearer to Simla than Madras, seem always to be favoured in the allocation of funds. The Chamber would like such an impression removed and would welcome an assurance that the Northern Lines and those serving the ports of Karachi, Bombay and Calcutta do not receive a more liberal share of funds than we do in the South." Continuing, the Chairman said: the Chamber would like Mr. Bell to remove the impression just referred to. Of course all knew it was a question of Finance. The Railway Board did not get enough funds and no doubt attempted to hold the balance true in what was available to be allocated. The Chamber felt strongly that of

the funds available for allocation to railways, insufficient were allotted to the Southern Lines, and the Chairman made mention of the urgent necessity, especially in the neighbourhood of Madras, for additional facilities for dealing with the continually increasing trade of the Port. It is understood that while the Railway Administrations have long recognised the necessity of improved facilities by the provision of up-to-date marshalling yards and improved goods yards at Junction stations, and have prepared schemes to give effect to their proposals, they have not been granted sufficient funds to enable them to put the works in hand. The Chairman would not go into figures, but Madras could easily do with 3 crores.

Mr. Bell—In reply, thanked the Members of the Committee for the opportunity they had given him of meeting them and explained to the Committee the difficulties in regard to Railway Finance and the allotment of funds to the different parts of India. He also emphasised the large amounts which had been spent under last year's estimate to relieve the coal situation which was acute. He admitted that South India had perhaps not got a fair share in the past and he assured the Committee that he would see that a fair share in the allotment of funds is given to South India in future.

Mr. Simpson, in thanking Mr. Bell, welcomed the admission that Madras had perhaps not got their fair share of funds in the past, he felt sure it would follow as the natural corollary that Mr. Bell would see that we got a better share in the future.

The meeting then terminated, and Mr. Bell was invited to be present at the Monthly General Meeting of the Chamber, which followed.

With reference to item No. 5 on the Agenda, *i.e*, The Coal Transportation Committee and the following Resolution of the Chamber.—

" Resolved to inform the Associated Chambers of Commerce of India and Ceylon that this Chamber considers the reintroduction of the Special Indent System to be advisable and that it would assist Industrial Concerns in Madras to obtain supplies of Rail-borne coal."

Responding to an invitation by the Chairman, Mr. Bell said that the Indian Mining Federation were against the introduction of the Special Indent System, but he promised that he would inform Mr. Clarke, who is in charge of that portfolio, the opinion of the Chamber, and that he would communicate with us again.

H. E. H. SLADEN,
Secretary.

MADRAS, *9th August*, 1921.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

G.O. No. 67 *Ry.*, 26*th October*, 1921.

READ—the following paper:—

G. O. No. 64 *Ry., dated* 13*th October*, 1921.

ABSTRACT.—Conferences—E. A. S. Bell and the Madras Government—future railway requirements—results published in News Slip No. 237.—

ORDER.—

No. 67 *Ry., dated* 26*th October*, 1921.

The following press communiqué will be issued:—

PRESS COMMUNIQUE.

On the occasion of the visit to Madras in July last of Mr. E. A. S. Bell, C.I.E., Member, Railway Board, the Government invited his attention to the unsatisfactory condition of the railways in this Presidency, especially on the South Indian Railway system and to the comparatively small grants made for railway facilities in Southern India. As already published, Mr. Bell was then unable to make any definite pronouncement but promised to look into the grants and see if additional allotments could be made. The Government are now informed that the Railway Board hope to provide this year an additional 18 lakhs for the Madras and Southern Mahratta Railway and about 60 lakhs for the South Indian Railway. The latter will then have received about 128 lakhs in all this year, or about 8 per cent. of the total of about 16 crores available for railway expenditure throughout the whole of India, whereas on the basis of gross earnings, they would be entitled to only 5 per cent. or, say, 80 lakhs.

(By order of the Governor in Council)

E. BARNARDISTON,

Secretary to Government, P. W. D. (Railways).

VISIT OF MR. J. IZAT TO INVESTIGATE THE RAILWAY REQUIREMENTS IN SOUTHERN INDIA.

Railway Department, Simla, 29*th October*, 1921.

NOTIFICATION.

It is hereby notified, for general information, that the Railway Board have sanctioned an investigation, into the

Railway requirements of Southern India, being carried out by Mr. J. Izat, State Railway Engineer.

2. These investigations will be known as the investigations of the railway requirements in Southern India.

(Sd.) H. L. COLE,
Secretary, Railway Board.

Copy forwarded to the Secretary to the Chamber of Commerce, Madras, for information.

By order,

Assistant Secretary, Railway Board.

Office of Engineer in Chief in charge of Railway Investigation in Southern India, Madras, 5th Dec., 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—The Railway Board have directed me to carry out certain investigations regarding Railway requirements in Southern India, and so I would be glad to have an early opportunity to meet the Chairman and Members of your Chamber of Commerce to discuss and learn their views on the projects which I have been asked to particularly investigate.

In this connection, I enclose herewith a copy of a letter from the Railway Board to the Secretary to the Government of Madras, Public Works Department, Railways, which briefly enumerates the projects to which my investigations are to be directed.

The project, which seems to me to be of primary importance, is that detailed in para. 2 (*a*) of the Railway Board's letter above referred to, particularly the decision as to the necessity or otherwise of a Standard Gauge Railway (5 feet 6 inches) to serve the Harbour of Tuticorin.

On this point it seems to me hinges practically the whole policy of the future development of the South Indian Railway.

Until a definite decision as to the necessity or otherwise, of a Standard Gauge Railway between Madras and Tuticorin has been reached, it will not be possible to proceed with many urgent projects, such as the Doubling of the Metre Gauge Railway between Madras Beach station and Pallavaram, and the Panruti-Trichinopoly-Ramnad Chord, which are most

urgently necessary to meet the immediate requirements of the public and to enable the South Indian Railway to cope with the traffic now offering.

I would therefore be very glad to meet the Chairman and Members of your Chamber of Commerce and ascertain their views as early as possible.

I have, etc.,
JOHN IZAT,
Officer on Special Duty.

[ENCLOSURE.]

Investigations of Railway Requirements in Southern India.

Letter No. 995-P., dated 29th October, 1921, from the Secretary, Railway Board, to the Secretary to the Government of Madras, Public Works Department, Railways.

I am directed to refer to the meeting between His Excellency the Governor of Madras and Mr. E.A.S. Bell, Member, Railway Board, in July, 1921, at which it was agreed that an officer should be deputed during the cold weather of 1921-22 to investigate the question of railway communication which may be rendered necessary by the development of the ports of Tuticorin and Cochin and with reference thereto to say that the Railway Board have appointed Mr. J. Izat, State Railway Engineer, to make the investigations noted in the para. below:—

2. Mr. Izat's investigations will consist of—

(*a*) A consideration of requirements of Southern India especially with regard to whether the expected developments of the harbours of Tuticorin and Cochin will necessitate the construction of railways on the standard gauge to serve them.

(*b*) To draw up a scheme of new construction necessary to develop the area served by the South Indian Railway placing the lines as nearly as possible in order of urgency.

(*c*) To report on the best means of dealing with the level crossing problem in the city of Madras, and

(*d*) generally to report on any other question of railway development that, in the opinion of the Government of Madras, requires investigation.

3. Mr. Izat has been instructed to place himself in direct communication with the Madras Government on this subject.

The Minutes of Proceedings at a Committee Meeting of the Chamber held on Friday, the 16th December, 1921, at 5-30 P.M., to meet Mr. John Izat, Officer on Special Duty to investigate the Railway Requirements of Southern India at which Members interested were also invited, when the following were present :—

Mr. J. F. Simpson ... *Chairman.*

Messrs. W. Alexander, A. F. Buchanan, W. Lamb, T. M. Ross, W. A. Turner and F. E. L. Worke (Committee).

Lt.-Col. C. L. Magniac, Messrs. T. E. Crichton and G. H. Lyle (representing the Madras and Southern Mahratta Railway), L. E. Stokes (representing the South Indian Railway) and Mr. H. E. H. Sladen (Secretary).

The Chairman, in opening the proceedings, said that the primary object of the meeting was to meet Mr. Izat, who was anxious to ascertain the views of the Chamber in regard to certain points which he had been deputed to investigate by the Railway Board, viz., (1) a consideration of the requirements of Southern India, especially with regard to whether the expected developments of the harbours of Tuticorin and Cochin will necessitate the construction of railways on the standard gauge to serve them, (2) to draw up a scheme of new construction necessary to develop the area served by the South Indian Railway placing the lines as nearly as possible in order of urgency, (3) to report on the best means of dealing with the level crossing problem in the City of Madras, (4) generally to report on any other question of railway development that, in the opinion of the Government of Madras, requires investigation.

The Chairman then read to the Meeting the resolutions which the Chamber proposes to move at the next Conference of the Associated Chambers of Commerce of India and Ceylon to be held at Calcutta in January next in regard to Railways and Communications.

A considerable discussion followed in which it was pointed out by Members that every effort should be made to bring existing facilities up to date before entering upon a programme of new construction. Especially as it was understood that the South Indian Railway's main difficulties at present in dealing with the traffic now offering were: (1) shortage of locomotives, (2) necessity for improved junction facilities to enable stock to be more expeditiously handled and turned round, and (3) necessity for enlarged loco workshops to enable locos and rolling stock repairs to be carried out. However it was finally resolved to postpone a definite decision pending communication with the South Indian Railway representatives of the Chamber and ascertaining their views in the matter as the contemplated projects greatly affect them.

The Level Crossing Problem in Madras was then briefly discussed. It was agreed that this was a long standing grievance which called for removal, but no definite decision as to the best method of solving the problem was arrived at.

Chamber of Commerce, Madras, 23rd December, 1921.

TO JOHN IZAT, ESQ.,

Madras.

SIR,—With further reference to your letter No. 6 of the 5th instant and to the Committee Meeting held on Friday, the 16th

idem, I now send you herewith copy of the Minutes of Proceedings circulating which have been approved by the Chairman.

I am directed to add that this Chamber's further communications to the South Indian Railway representatives have elicited the fact that they are not at all in favour of the proposed Standard Gauge Railway to serve the Harbour of Tuticorin.

In fact they are entirely in sympathy with the general views of this Chamber as expressed at the Committee Meeting and of which I believe you are aware.

I have, etc.,
H. E. H. SLADEN,
Secretary.

COAL SPECIAL INDENT SYSTEM

The Associated Chambers of Commerce of India. and Ceylon, Calcutta, 13th July, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—The President has directed me to attach hereto, for the information of the Chambers, a copy of a letter from Mr. D. P. McKenzie, the Chairman of the Indian Jute Mills Association, who represents the Bengal Chamber of Commerce on the Coal Transportation Committee.

I have, etc.,
H. M. HAYWOOD,
Secretary.

[ENCLOSURE.]

Letter dated 4th July, 1921.

FROM—D. P. McKenzie, Esq., Chairman, Indian Jute Mills Association.

TO—The Secretary, Bengal Chamber of Commerce.

A meeting of the above Committee was held on 29th ultimo to examine the returns received from colliery proprietors and consider the course of action to be taken if the scheme for the distribution of wagons is to be put into effect. The returns confirm the opinion that, in view of colliery commitments and the large proportion of these which can be classed as preferential supplies, the adoption of the scheme, as it stands, would be against the interests of consumers, especially those holding unfulfilled contracts.

No decision has been received from Simla on the representations made to the Hon'ble Member for Commerce and Industry during his recent visit to Calcutta. In the absence of this it was decided that nothing should be done beyond advising collieries of the *pro basis* allotment of wagons which would fall to them if and when the scheme is introduced as a working proposal.

In the course of discussion at the meeting Mr. Pelly, the Coal Transportation Officer, made a suggestion which appears to be worthy of further consideration. Mr. Pelly's suggestion is that in view of the large "overbooking" by collieries authorisations similar to the previously used "Special Indent" should be included as part of the scheme. As the scheme stands at present the colliery only declares contracts, the consumer having no part therein. The consumer, who is established in Calcutta, can of course obtain information from the Committee, but the Bombay and up-country consumer is in a less favourable situation in this respect, and injustice may be done to him because he is not "on the spot" and in touch with his coal contractors or the Coal Transportation Officer.

If, however, the Special Indent system is adopted in conjunction with the returns already in the possession of the Coal Transportation Committee, the Committee or the Coal Transportation Officer would only issue authorities for coal to be despatched up to the extent of the Coal available from the colliery or of the wagons which can be handled on the pilot section in which the colliery is situated. Sellers and buyers of the coal would sign as before the Special Indent and both would be advised whether authority had been granted or not. The advantage of this is that the consumer is promptly advised of his position and can make such arrangements as are possible if he is informed that deliveries under his arranged contracts cannot be made. The Special Indent has the further advantage that having already been in use it is understood by all consumers.

Another advantage of the attachment of the Special Indent to the scheme is that, as at present arranged, however fair the scheme may be as *between collieries* it may work out unfavourably as *between consumers*. For example, a consumer, with large coal contracts in hand might receive deliveries from several sections and so secure coal much in excess of his immediate requirements. At the same time another consumer with equally large contracts might get little owing to the contracting colliery being in a fully occupied pilot section. Under the Special Indent no consumer would receive authority for much in excess of his proved needs.

The successful working of the new proposal would of course greatly depend on the Mining Engineer restricting his demands to his basis allotment as now established. It has been indicated that 1,000 wagons per day should be sufficient for loco, etc., needs and to ensure delivery of this quantity preference might be granted to the extent that the Mining Engineer's daily requirements must be met before wagons are used for other consumers.

Chamber of Commerce, Madras, 2nd August 1921.

TO THE ASSOCIATED CHAMBERS OF COMMERCE
OF INDIA AND CEYLON,
Calcutta.

SIR,—With reference to your letter of the 13th ultimo enclosing a copy of a letter from Mr. D. P. McKenzie, the Chairman of the Indian Jute Mills Association, who represents the Bengal Chamber of Commerce on the Coal Transportation Committee, I am directed to forward, for your information, the following Resolution of the Chamber at their monthly meeting on the 26th idem.

"Resolved to inform the Associated Chambers of Commerce of India and Ceylon that this Chamber considers the re-introduction of the Special Indent System to be advisable and that it would assist Industrial Concerns in Madras to obtain supplies of rail borne Coal.

I have, etc.,
H. E. H. SLADEN.
Secretary.

CABLE COMMUNICATIONS.

The Associated Chambers of Commerce of India and Ceylon, Calcutta, 18*th July*, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to hand you, for information and for such remarks as your Chamber may wish to offer, copies of the marginally noted letters, in this connection.

(1) Letter No. 568-A.C., dated 9th April, 1921, from the Associated Chambers to the Government of India, Department of Commerce.
(2) Letter No. 1448 S., dated 11th July, 1921, from the Government of India, Department of Commerce, to the Associated Chambers (with enclosures).

I have, etc.,
H. M. HAYWOOD,
Secretary.

[ENCLOSURES]

Letter No. 568-*A.C, dated* 9*th April*, 1921.

FROM—The Associated Chambers of Commerce of India and Ceylon.

TO—The Secretary to the Government of India, Department of Commerce.

In continuation of my letter No, 325-A C, dated the 4th February, 1921, I am now directed to submit herewith a copy of the report of the discussion in connection with the resolution on the question of cable communication between India and the United Kingdom, which was adopted at the annual general meeting of the Associated Chambers of Commerce of India and Ceylon, held in Calcutta on the 24th and 25th January, 1921.

Letter No. 1448-*S., dated* 11*th July*, 1921.

FROM—The Government of India, Department of Commerce.

TO—The Associated Chambers of Commerce of India and Ceylon.

I am directed to refer to your letter No. 568-A.C., dated 9th April, 1921, in which you transmit, for the information of the Government of India, a

resolution on the question of cable communications, which was adopted at the annual general meeting of the Associated Chambers of Commerce, of India and Ceylon, held in Calcutta on the 25th, January, 1921. In that resolution the Association expressed a wish that early steps should be taken to abolish the express rates charged on cables. It appears from the copy of the proceedings forwarded by you that the grounds on which the system of express messages at triple the rates was objected to by the meeting were, firstly, that they would tend to the gradual shelving of other traffic and would lead to the elimination of ordinary messages, and secondly, that the extra charge made for express messages was burdensome.

2. In reply, I am to state that urgent messages at triple rates were introduced in order to enable commercial firms to obtain the priority on the cables which they needed during the period of telegraphic congestion following the war, and which they were prepared to pay for. Such messages are permitted on the cables from Ceylon, and there is a risk that if they were discontinued in India, Indian firms would be tempted to forward their telegrams to their agents at Colombo to be repeated thence as urgent private messages. If this class of foreign telegrams is abandoned, the commercial public in India will be placed at the disadvantage that urgent triple rate telegrams transmitting India from west to east and *vice versa* would take precedence over other classes of telegrams to or from India. Another result would be that since the cable companies and other telegraph administrations have adopted the urgent triple rate class, telegrams inwards to India, classed as urgent, would travel more quickly than telegrams outwards from India.

3. The order of priority of foreign telegrams, as prescribed in the international Telegraph Convention, is as follows :—

(1) Clear-the-line.

(2) Government priority A.

(3) Urgent private.

(4) State.

(5) Ordinary private.

I am to attach a statement showing the percentages of the total number of messages and words in the different classes of foreign telegrams dealt with during the period May 1920 to March 1921, *via* Bombay, Madras and Karachi. It will be seen that the commercial community are making considerable use of the class of urgent private telegrams, and it is thought that telegraphic traffic over the cables generally is not yet being disposed of with sufficient expedition to justify the immediate withdrawal of this class. As soon as the normal traffic is accelerated, it is expected that the public will resort less freely to the urgent class and that the percentage of ordinary private telegrams will increase. In the meantime, the Government of India are of opinion that in the interests of commerce the urgent foreign telegrams at express rates should not yet be abolished.

Chamber of Commerce, Madras, 3rd September, 1921.

TO THE SECRETARY, ASSOCIATED CHAMBERS
OF COMMERCE OF INDIA AND CEYLON,
Calcutta.

SIR,—I am directed to acknowledge the receipt of your letter of the 18th July, 1921, in regard to cable communications,

In reply I beg to state that your letter was discussed at the last General Monthly meeting of the Chamber, when the following Resolution was adopted:—

"Resolved to inform the Associated Chambers of Commerce of India and Ceylon that the Madras Chamber would welcome the abolition of the express triple rate system of cablegrams and urges the Associated Chambers to press upon government the necessity of restoring the normal cable service at the earliest possible moment."

I have, etc.,
H. E. H. SLADEN,
Secretary.

MUTILATIONS OF CABLEGRAMS AND TELEGRAMS.

Chamber of Commerce, Madras, 29th October, 1921.

TO THE TELEGRAPHMASTER IN CHARGE,
GENERAL POST OFFICE,
Madras.

SIR,—I beg to inform you that very many complaints have been made by members of this Chamber recently regarding the alarming increase in mutilations in cablegrams received from the U.K. It is generally admitted that mutilations can never be got over altogether, but the experience of offices here is that they are constantly being made and steadily increasing. It may be that your office staff is powerless in the matter and the mutilations complained of take place elsewhere; I shall be very much obliged if you can throw any light on this question and give this Chamber your views in the matter.

2. It has also been brought to the notice of the Chamber that very serious delays have taken place in receipt of inland telegrams from Bombay and Calcutta and that the service today cannot at all compare with that of a few years ago. Here, again, it may be that your office is powerless in the matter and that the delay takes place at the despatching stations. But the fact remains that serious inconvenience very frequently occurs owing to the excess of time taken in inland telegrams. If you can throw any light on the matter this Chamber will be much obliged to you.

Thanking you in anticipation.

I have, etc.,
JAS. F. SIMPSON,
Chairman,

Central Telegraph Office, Madras, 31st October, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—I have the honour to acknowledge the receipt of your letter of the 29th instant, a reply to which will be forwarded in due course through the Postmaster-General, Madras Circle, Madras.

I have, etc.,
C. H. COOPER,
Superintendent.

Chamber of Commerce, Madras, 17th November, 1921.

TO THE TELEGRAPHMASTER IN CHARGE,
GENERAL POST OFFICE,
Madras.

SIR,—I am directed to refer to the Chamber's letter, dated the 29th October, 1921, and your reply of the 31st ultimo, and to ask if you are now able to give the Chamber any information on this point.

Thanking you in anticipation

I have, etc.,
H. E. H. SLADEN,
Secretary.

Central Telegraph Office, Madras, 19th November, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to your letter dated the 17th November, 1921, inviting my attention to your previous letter of the 29th October, 1921, on the subject of mutilations in cablegrams from the United Kingdom and delays on incoming telegrams from Calcutta and Bombay, I have the honour to inform you that my predecessor, before making over charge of the office to me on the 1st instant, ordered the compilation of certain statistics from the records covering a period of 9 months which are expected to be ready in a day or two. A review of these figures will ennable me to form an opinion in respect to the delays on incoming telegrams from Calcutta and Bombay.

2. In regard, however, to the complaint of mutilations which you state are constantly being made and steadily increasing, I feel I am unable to offer an opinion as it appears to be a matter on which the Director-General of Posts and Telegraphs alone is in a position to enlighten you.

3. I shall submit my report to the Postmaster-General, Madras Circle, as soon as it is ready, together with your letter of the 29th ultimo, which I have no doubt he will forward to the Director-General of Posts and Telegraphs, Calcutta.

I have, etc.,
R. A. CLARKE,
Superintendent in charge,
Central Telegraph Office, Madras.

IMPERIAL SHIPPING COMMITTEE.

Calcutta, 5th January, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed by the Board of Trade to state that the Imperial Shipping Committee has been appointed recently to investigate matters connected with the development and improvement of the sea communications between the different parts of the Empire, and I have further been asked by that Department to forward any suggestions as to the improvement of the steamship services between India and the United Kingdom which may call for consideration.

I enclose a copy of the Instrument of Appointment of the Committee and shall be glad to receive the views and suggestions of your Chamber, so that they may receive consideration by the Committee.

I have, etc.,
THOMAS M. AINSCOUGH,
H. M. Senior Trade Commissioner.

[ENCLOSURE.]

Instrument of Appointment of the Imperial Shipping Committee,

Whereas the Imperial War Conference, 1918, passed on the 26th July, 1918, the following resolution :—

1. That in order to maintain satisfactorily the connections and at the same time encourage commercial and industrial relations between the different countries of the British Empire, this Conference is of opinion that shipping on the principal routes, especially between the heart of the Empire and the Overseas Dominions, including India, should be brought under review by an Inter-Imperial Board on which the United Kingdom and the British Dominions and Dependencies should be represented.

2. That for this purpose an Imperial Investigation Board, representing the various parts of the Empire, be appointed, with power to enquire into and report on all matters connected with ocean freights and facilities, and on all matters connected with the development and improvement of the sea communications between the different parts of the Empire, with special reference to the size and type of ships, and the capacities of harbours ; the Board to include, in addition to representatives of the Governments concerned, persons with expert knowledge of the problems involved, including representatives of the shipping and trading interests ;

And whereas it has been represented to me, the Right Honourable David Lloyd George, Prime Minister and First Lord of the Treasury, by the Secretary of State for the Colonies after consultation with the Governments of the Diminion of Canada, of the Commonwealth of Australia, of the Dominion of New Zealand, of the Union of South Africa, and of Newfoundland, by the Secretary of State for India and by the President of the Board of Trade that it is now desirable that a Committee should be appointed under the title of the Imperial Shipping Committee, with the following functions, viz :—

(i) To enquire into complaints from persons and bodies interested with regard to ocean freights, facilities and conditions in the inter-Imperial trade or questions of a similar nature referred to them by any of the nominating authorities, and to report their conclusions to the Governments concerned,

(ii) To survey the facilities for maritime transport on such routes as appear to them to be necessary for trade within the empire, and to make recommendations to the proper authority for the co-ordination and improvement of such facilities with regard to the type, size and speed of ships, depths of water in docks and channels, construction of harbour works and similar matters.

Now I, therefore, do hereby appoint the following persons to form the Imperial Shipping Committee and to exercise the functions hereinbefore set forth :—

Sir H. J. Mackinder, M. P. (Chairman).

Sir A H. D. Ramsay-Steel-Maitland, Bart, M. P., nominated by the Secretary of State for the Colonies,

Sir W. S. Meyer, G. C. I. E., K. C. S. I., nominated by the Secretary of State for India in Council.

Sir Hubert Llewellyn Smith, G. C. B., nominated by the Board of Trade.

Hon'ble Sir George H. Perley, K. C. M. G., nominated by the Government of the Dominion of Canada.

Mr. H. B. G. Larkin, nominated by the Government of the Commonwealth of Australia.

The High Commissioner for New Zealand, nominated by the Government of the Dominion of New Zealand.

Captain G. Bowden, M. C, nominated by the Government of the Union of South Africa.

Hon'ble Sir Edgar R. Bowring, nominated by the Government of Newfoundland.

Sir Kenneth Anderson, Bart, K. C.M.G.,
Sir Alfred Booth, Bart.,
Mr. W. Lionel Hichens,
Mr. Kenneth Lee,
Mr. J. W. Murray,
} being persons experienced in shipping and commerce

I further appoint Mr. E. J. Elliot of the Board of Trade to be Secretary to the said Committee.

June 15, 1920. (Sd.) D. LLOYD GEORGE.

Chamber of Commerce, Madras, 23rd February, 1921.

To H. M. Senior Trade Commissioner,

Calcutta.

Sir,—I write to acknowledge the the receipt of your letter No. 1577-20, dated the 5th January, 1921, forwarding a copy of the instrument of the appointment of the Committee to enquire into the question of the improvement of steamship services between India and the United Kingdom which I have circulated to the Members of the Chamber. In reply I have to state that the Chamber has no particular suggestions to offer.

I have, etc.,
O. Kershaw,
Secretary.

QUESTION OF THE LIMITATION OF SHIPOWNERS' LIABILITY BY CLAUSES IN BILLS OF LADING.

The Associated Chambers of Commerce of India and Ceylon, 27th January, 1921.

To the Secretary, Chamber of Commerce,

Madras.

Sir,—I am instructed to invite your urgent attention to the attached letter, dated 20th January, 1921 (with its enclosure), from the Secretary to the Government of India, Department of Commerce, on this question.

2. I am to ask, for the favour of a very early expression of the opinion of your Chamber on the question, for, as you will observe, the Government of India wish to have a prompt reply. The papers were submitted to the Conference, but in view of the great importance of the question the delegates felt that they would like to be able to consult their Chambers before dealing with it.

I have, etc.,
H. M. Haywood,
Secretary.

[Enclosures.]

Dated Delhi, the 20th January, 1921.

From—The Secretary to the Government of India, Department of Commerce,

To—The President, Bengal Chamber of Commerce.

On the 3rd of September last we published a press communiqué regarding the Imperial Shipping Committee.

This Committee is devoting special attention at the present moment to the question of the limitation of shipowners liability by clauses in bills of lading. The enclosed extract from a report by the Dominions Royal Commission states the case. The Committee has asked for our views particularly on the suggestion that uniform legislation on the lines of the United States of America Harter Act should be passed throughout the Empire. The matter is urgent, and the Secretary of State has asked us to let him have a reply by the end of this month. The most expeditious way that I can think of getting an expression of business opinion on this subject is to appeal to you. Do you think that you could place this extract before the meeting of the Associated Chambers of Commerce and give us the views of the Associated Chambers by the end of this month? Even a merely provisional statement of views will be of great assistance. I am very sorry to have to hustle you.

DOMINIONS ROYAL COMMISSION.

FINAL REPORT.

Bills of Lading.

595. Lastly, we revert to the question of bills of lading to which we alluded in our Second, Fourth and Fifth Interim Reports. We there described the view which we found to be largely prevalent amongst the mercantile community of Australia, New Zealand, Newfoundland and Canada, namely, that shipowners in the United Kingdom endeavour in their bills of lading to contract themselves out of liability for loss or damage in respect of the goods which they carry particularly from the United Kingdom to the self-governing Dominions, to an extent unfair in itself, and not now permissible under the legislation in force in the United States of America and in various parts of the British Empire.

596. In our consideration of this question we have studied the views tendered in evidence by shipowners as well as by shippers, and we have also had the opportunity of considering the discussion on the question which took place at the conference on Merchant Shipping Legislation in 1907 between representatives of the United Kingdom, Australia, and New Zealand.

597. We may state shortly what we conceive to be the present position of affairs:—

(1) It is not in dispute that under the Common Law of England, and in the absence of contractual provisions to the contrary, shipowners have to carry and deliver goods in safety,

and are answerable for all loss and damage which may happen while the goods are in their hands as carriers, subject to certain excepted points, such as loss from "act of God" or "perils of the sea."

(2) It is admitted also that until a comparatively recent date shipowners generally accepted these liabilities and did not attempt to contract themselves out of them. But some 40 years ago it was discovered that the underwriters with whom shippers had insured could, in case of loss, take assignment of shippers' rights under their bills of lading and recover against shipowners. This led to a change of practice, and shipowners now endeavour to contract themselves out of liability in all save a very few contingencies.

(3) Under the Harter Act of the United States of America it is not lawful to insert in any bill of lading any clause relieving the owner or master of a vessel conveying merchandise from or between ports of the United States and foreign ports from liability for loss or damage arising from negligence, fault, or failure in proper loading, stowage, custody, care or proper delivery of merchandise. Legislation on similar lines has been passed in Canada, in the Commonwealth of Australia, and in New Zealand.

598. We have found practically unanimous opposition on the part of shipowners to legislation of this kind. On the other hand, we have found in all the self-governing Dominions a consensus of opinion in favour of it. There is also a large body of commercial opinion in the United Kingdom in the same direction.

599. It is difficult to see that legislation on the lines of the Harter Act can constitute an injustice to sea carriers. It would rather appear to be a protection to the better class of shipowners. It was stated in evidence by the Chairman of the Australasian Section of the London Chamber of Commerce and again by the representative of the Liverpool Steamship Owners' Association that the better class of shipowners pay for damage caused by the negligence of their servants in the handling and stowage of cargo where a reasonable claim is established by the shipper, even apart from legislation. If that is so, legislation would only impose on these shipowners a liability which is now in practice admitted, while it would also protect them against the competition of less reasonable owners who take full advantage of the freedom from liability given by existing bills of lading.

600. It can scarcely even be urged that legislation on the lines of the Harter Act would be of inconvenience to United Kingdom shipowners, because their representative has assured us that the negligence clause in that Act, which is the basis of

the legislation asked for by the shippers is perfectly fair and reasonable, and that the inconvenience of it, if any, has been so small that it has not raised freight from the United Kingdom of America. Similarly we learned in Canada that the Canadian legislation has had no adverse effect on business.

601. It is urged on behalf of the shipowners that nothing should be done which would handicap British shipping in competition with foreign shipping. It must be pointed out in reply to this contention that the largest German Shipping Companies, as the outcome of agreement between them and the shippers, adopted before the war a bill of lading under which the shipper is protected against the negligence of the shipowners' servants in the stowage, preservation, treatment and delivery of cargo, and under which the shipowner is responsible for seeing that at the beginning of the voyage the ship is properly fitted, equipped, manned, and provisioned, in a seaworthy condition, and capable of undertaking the intended voyage except as regards defects that could not have been discovered by the exercise of ordinary care. Moreover, the Norwegian Shipping Law makes the shipowner responsible for all loss or damage sustained by the goods carried, from the time of their receipt until their delivery, unless it is shown that damage or loss was caused by the act of God, etc., or resulted from the nature or packing of the goods.

602. The maintenance of the doctrine of freedom of contract is, no doubt, important, but the preservation of the rule that the contractor should be responsible for the negligence of his servants is, from an economic point of view, also important. We think that this rule should be established generally, and that it should be dealt with apart from the proposals which we have outlined above in regard to shipping freights. It is a rule of law, now defeated by agreement to which one side claims to be an unwilling party, and it should be established securely and permanently.

603. We recommend, therefore, that legislation on the lines of the Harter Act should be passed in the United Kingdom, and we think that similar legislation should take effect in the Union of South Africa and in Newfoundland.

Telegram from the Secretary, Chamber of Commerce, Madras, dated the 23rd February, 1921, to the Government of India Department of Commerce, Delhi.

"Your telegram 1098 of fifth instant regarding limitation of shipowners' liability by clauses in Bills of Lading. Madras Chamber suggests legislation on the lines of Harter Act of United States of America."

Chamber of Commerce, Madras, 24th February, 1921.

TO THE SECRETARY ASSOCIATED CHAMBERS OF COMMERCE, OF INDIA AND CEYLON,
Calcutta.

SIR,—I am directed to acknowledge the receipt of your letter No. 228-A-C., dated the 27th January, 1921, in regard to the question of the limitation of shipowners' liability by clauses in Bills of Lading, and to state that this Chamber suggests legislation on the lines of the Harter Act of the United States of America.

I am further to add that this Chamber has already expressed its views direct to the Government of India, Department of Commerce, Delhi, in reply to two telegrams from them.

I have, etc.,
H. E. H. SLADEN,
Secretary.

The Associated Chambers of Commerce of India and Ceylon, 5*th March,* 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—Adverting to my letter No. 220-232, dated 27th January, 1921, I am directed to say that the members of the Association have now expressed their approval of the suggestion that legislation on the lines of the American Harter Act should be adopted throughout the British Empire. I have accordingly telegraphed to this effect to the Secretary to the Government of India, in the Department of Commerce, with reference to his letter of the 20th January.

I have, etc.,
H. M. HAYWOOD,
Secretary.

Department of Commerce, Delhi, 15*th March,* 1921.

PRESS COMMUNIQUE.

The Imperial Shipping Committee have submitted their Report to His Majesty's Government on the question of the limitation of shipowners' liability under bills of lading, and the following telegraphic summary of the Report, received from the Secretary of State for India, is published for general information:—

"Committee recommend unanimously uniform legislation throughout Empire on the lines of existing Acts, but based more precisely on Canadian Water-Carriage of Goods Act, 1910, subject

to provisions in regard to (1) exceptional cases in which goods can be carried at owners' risk, (2) precise definition of physical limit to shipowners' liability, and (3) fixing of maximum monetary limits of liability. Report deals with methods of deciding exceptions and limits, and in this connection proposes establishment special body common to Empire and indicates other matters which might be referred to such body. Constitution of this body and other functions it might undertake deferred for later report."

C. A. INNES,
Secretary to the Government of India.

Telegram from the East Indian Grain and Oilseed Shippers' Association, London, dated the 5th April, 1921, to the Chamber of Commerce, Madras.

"Meeting held Baltic exchange 15th March. Following Associations present: East Indian Grain and Oilseed Shippers, Incorporated Oil Seed, London Shellac Trade, London Jute, London Corn Trade, Liverpool Corn Trade, Liverpool Cotton, United Kingdom Jute Goods, Indian Tea (London), Saltpetre and Rice Trade, British Bankers, unanimously resolved telegraph Indian Chambers of Commerce that above Associations urge legislation following lines Harter Act and protest against rebates system as deterrent to trade."

The East Indian Grain and Oilseed Shippers' Association of London, 7th April, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to confirm my telegram of 1st instant as follows:—

The Meeting was convened to consider a proposed conference which, it was suggested, should take place between some of these Associations and certain shipowners to discuss the Indian Homeward Bill of Lading; but as it was reported that the Imperial Shipping Committee had already been inquiring into the matter, it was unanimously agreed *inter alia*—

(1) That the Imperial Shipping Committee be asked to convene a Conference of Bankers, Traders and Shipowners to draw up a uniform Bill of Lading for Indian Homeward Trade.

(2) That representations should be made to the Imperial Shipping Committee pointing out the necessity for legislation in the United Kingdom and India following the lines of the "Harter" Act.

(3) A protest should be sent to the Imperial Shipping Committee against the system of rebates which prevents healthy competition and so acts against the interests of trade.

I am directed to draw your attention to the enclosed notes which give fuller particulars of the proceedings of the Meeting and to state that those present are ascertained to be fully empowered to act on behalf of their respective Associations.

It is expected that the Resolution will be considered by the Imperial Shipping Committee at an early date.

I have, etc.,
C. E. LYNCH,
Secretary.

[ENCLOSURE.]

Indian Homeward Bill of Lading.

A meeting was held in Arbitration Room A. of the Baltic Mercantile and Shipping Exchange, London, E.C. 3., on Tuesday, 15th March, 1921, when the following appointed delegates of Associations, etc., were present, viz:—

Sir Stephen, Demetriadi, K.B E., representing The East Indian Grain and Oilseed Shippers Association of London.

Mr. N. B. Foster representing The Incorporated Oilseed Association.

,, F. Belfield representing The London Shellac Trade Association.

,, J. C. Duffus representing The London Jute Association.

,, E. A. Baker representing The London Corn Trade Association.

,, Hamilton Clements representing The Liverpool Corn Trade Association, Ltd.

Mr. T. H. Fraser representing The British Bankers' Association.

,, P. J. Calvocoressi representing The Liverpool Cotton Association, Ltd.

,, D. D. Bryson representing The United Kingdom Jute Goods Association, Ltd.

Mr. T. McMorran representing The Indian Tea Association (London).

,, Wimble representing Saltpetre and Rice interests.

,, D. T. Chadwick, Government of India Trade Commissioner.

,, W. F. Burgett (The London Corn Trade Association,) Messrs. Thorpe and Pedersen (The East Indian Grain and Oilseed Shippers' Association), Mr. E. Henry (London Jute Association), Mr. C. G. Nomico (Messrs. Ralli Brothers' Manchester), and Mr. Jackson (Messrs. A. M. Jackson and Co., Hull) were also present.

Sir Stephen Demetriadi, K.B E. (Messrs, Ralli Brothers) Chairman of The East Indian Grain and Oilseed Shippers' Association of London, explained in detail what had led up to the present position, viz., that early in the year 1920 the "Anchor" and "Hall" Lines had sent advance copies of a new Form of B/L. for the Indian Homeward Trade, to two of the principal shippers of East Indian Grain and Oilseed who brought the matter to the notice of their Association. That Association unanimously decided to resist the introduction of this new form and invited interested associations, etc., to collaborate. A

Joint Committee, appointed by the British Bankers' Association, The London Shellac Trade Association, The London Jute Association, London Corn Trade Association, The Incorporated Oilseed Association and the E. I. Grain and Oilseed Shippers' Association of London, accordingly carefully examined the whole document and reported to the "Anchor" and "Hall" Lines that it could not be accepted, being unsuitable and inapplicable to the Indian Homeward Trade and insisted upon the desirability of the reinstatement of the pre-war Form of B/L. In reply the "Anchor" and "Hall" Lines maintained their intention to introduce the new Form, but stated that they were prepared to consider any individual clauses deemed objectionable. The Joint Committee drew attention, in their reply, to the difficulties which would ensue from an endeavour to effec tan understanding by correspondence and expressed the desire that the Shipping Companies should agree to confer with this Joint Committee on the points at issue in order to arrive at a decision satisfactory to all concerned without delay. The "Anchor" and "Hall" Lines replied on the 29th and 30th April, respectively, that an answer would be sent in due course. Nothing further, however, transpired until 30th November, when the objectionable Form, with more onerous conditions, was again submitted on behalf of 5 Shipping Lines (including "Anchor" and "Hall"). The interested Associations again agreed not to accept the Form and referred to their offer of a Conference. On 31st January this year shipowners wrote agreeing to confer with a Committee of Traders. It was for the purpose of considering the position arising out of the reply from the 5 shipping companies that the present meeting had been convened.

On the proposition of Mr. Duffus, seconded by Mr. Belfield, Sir Stephen Demetriadi was unanimously voted to the chair.

The Chairman expressed the opinion that the position had altered since the offer was made to confer with the shipowners, as the Imperial Shipping Committee, which had come into existence in June, 1920, were considering the whole matter, and the Banks had given evidence before that Committee. In the circumstances the Chairman suggested firstly that the present meeting should consider whether it would not be desirable to ask the Imperial Shipping Committee to arrange a Conference (as already requested by the British Bankers' Association) between Shipowners, Bankers and Traders to agree upon a Form of B/L. for the Indian Homeward Trade, and to reply to the Steamship Companies in this sense; secondly, that legislation should be strongly advocated both in this country and in India on the lines of the "Harter" Act; and, thirdly, that freight rebates should be abolished.

The Chairman said he understood that Acts similar to the Harter Act had been introduced in Canada, Australia and New Zealand and had been strongly recommended to South Africa and Newfoundland.

Mr. Duffus and Mr. McMorran supported the Chairman's proposal (Mr. Duffus urged that the pre-war B/L. should be revived as a basis for discussion of a uniform B/L., and Mr. McMorran intimated that, although his Association had a contract still to run for one year with shipowners, he was pleased to support the Chairman's proposal as the interests of this Association in this matter were identical with those of the other Associations represented at the meeting). Several other delegates having spoken, the three points of the Chairman's proposal were unanimously approved and adopted, and it was resolved that the Chairman should bring this decision before the Imperial Shipping Committee, and that Dr. Jackson should be the legal adviser of the various Associations now acting jointly. It was agreed that all reasonable expenses incurred in connection with this matter should be borne equally by the various Associations.

Mr. Chadwick promised to telegraph the Resolution of the meeting to the Indian Government and to report it to Sir William Meyer (the High Commissioner for India). The meeting further agreed that the same should also be telegraphed to the Chambers of Commerce in India and should be sent to the London Chamber of Commerce (Indian Section); also that the members present should cable to their representatives in India in the same sense.

The Chairman having inquired if all present were fully empowered to act on behalf of their respective Associations, it was elicited that most of the delegates had such powers. The remaining delegates tentatively agreed on behalf of their Associations and would obtain formal consent which would be sent to the Secretary (Mr. C. E. Lynch, 24, St. Mary Axe, E. C. 3).

Mr. Henry suggested the desirability of appointing a deputation to act if required, and it was unanimously agreed to appoint :

Sir Stephen Demetriadi,

Mr. E. A. Baker,

Mr. J. C. Duffus,

Mr. N. B. Foster,

and a representative of the Liverpool Cotton Association, Ltd., with the right to co-opt other members.

Mr. McMorran said that a vote of thanks was due to Sir Stephen Demetriadi for his services to the community of Traders, with which the Meeting heartily concurred.

Chamber of Commerce Madras, 14th April, 1921.

TO THE SECRETARY, EAST INDIAN GRAIN AND OILSEED SHIPPERS' ASSOCIATION.

London.

SIR,—With reference to your cablegram of the 1st instant, in regard to the limitation of shipowners' liability under Bills of Lading, I am to state that this Chamber has already suggested legislation on the lines of the Harter Act of the United States of America.

I have, etc.

H. E. H. SLADEN,

Secretary.

Chamber of Commerce, Madras, 14th April, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,

London.

SIR,—I beg to enclose herewith a letter addressed to the Secretary, c/o "Ricinus", London, and shall be obliged if you will deliver it, to the party whose telegraphic address is "Ricinus.'

I have, etc.,

H. E. H. SLADEN,

Secretary.

The East Indian Grain and Oilseed Shippers' Association of London, 10th August, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,

Madras.

SIR,—Referring to my letter of the 7th April last, I am directed by Sir Stephen Demetriadi, K.B.E., Chairman of this Association and of the Committee appointed by the various

Associations mentioned in my cable of the 1st April, to draw your attention to the official report which appeared in the *London* daily press of the 6th instant of the deliberations of the Prime Ministers and Representatives of the United Kingdom, the Dominions and India during June, July and August 1921.

Under the heading of " Shipping " the following paragraphs appear :—

" As regards the Report of the Imperial Shipping Committee on Bills of Lading, it was decided to adopt the following resolution :

" The Conference approves the recommendations made in the Report of the Imperial Shipping Committee on the Limitation of Shipowners' Liability by clauses in Bills of Landing, and recommends the various Governments represented at the Conference to introduce uniform legislation on the lines laid down by the Committee."

" A resolution was also adopted to the effect that, pending the constitution of a permanent Committee on shipping, the existing Imperial Shipping Committee should continue its inquiries.

" The representatives of His Majesty's Government and the Governments of New Zealand and India were ready to agree to a wider resolution recommending the constitution under Royal Charter of a permanent Committee to carry out the duties specified in the Report of the Imperial Shipping Committee, dated June 3, viz., (*a*) to perform such duty as may be entrusted to them under laws in regard to inter-Imperial shipping: applicable to the whole or to important parts of the Empire; (*b*) to inquire into complaints in regard to ocean freights and conditions in inter-Imperial trade or questions of a similar nature referred to them by any of the Governments of the Empire; (*c*) to exercise conciliation between the interests concerned in inter-Imperial shipping; (*d*) to promote co-ordination in regard to harbours and other facilities necessary for inter-Imperial shipping.

" The representative of Canada, however, did not agree to this wider resolution, and the representatives of the Commonwealth of Australia and the Union of South Africa reserved the matter for further consideration. The position as regards rebates was discussed and strong representations were made by Dominion Ministers in regard to it, but no resolution was passed, it being understood that the matter is at present under consideration by the Imperial Shipping Committee."

The Commerce and Industry Department of the Government of India will no doubt be taking steps for the introduction of legislation in respect of the Limitation of Shipowners' Liability

but I am directed to ask your Chamber to be so good as to interest itself in this matter with a view to bringing about early legislation on this important point.

I have, etc.,
G. W. POWNALL,
Secretary.

Chamber of Commerce, Madras, 20th September, 1921.

TO THE SECRETARY, EAST INDIAN GRAIN AND OILSEED SHIPPERS' ASSOCIATION,
London.

SIR,—I am directed to acknowledge the receipt of your letter of the 10th August, 1921, in regard to the introduction of legislation in respect of the Limitation of Shipowners' Liability which is being circulated to the members of the Chamber for their information.

I have, etc.,
H. E. H. SLADEN,
Secretary.

The East Indian Grain and Oilseed Shippers' Association of London, 3rd October, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed by Sir Stephen Demetriadi K.B E., Chairman of the Committee appointed to represent the various Trading Associations interested in the Indian Homeward Bill of Lading, to refer to my letter to you, dated 10th August, 1921, and to bring to your notice the movement which was recently inaugurated at The Hague and which has resulted in the drawing up of certain Rules called The Hague Rules, 1921.

As these Rules are of a purely voluntary nature and not legally binding on shipowners, their adoption without legislation—even if their terms were found to be acceptable (the "Received for shipment" clause would certainly not be)—is considered unsatisfactory and prejudicial to the interests of Indian trade. I am therefore, directed to ask if you will be so good as not to relax your efforts to bring about legislation at an early date on the lines, not of The Hague Rules, but of the Canadian Water-Carriage of Goods Act in accordance with the unanimous recommendation of the Imperial Shipping Committee in their Report, dated February, 1921. This recommendation was submitted to and approved by the Prime Ministers and Representatives of the United Kingdom, the Dominions

and India at their Conference held during June, July and August this year and has, therefore, the support of the whole of the British Empire.

The Trading Associations, to which reference is made above, are—

The East Indian Grain and Oilseed Shippers' Association of London,

The Incorporated Oil Seed Association,

The London Shellac Trade Association,

The London Jute Association,

The London Corn Trade Association,

The Liverpool Corn Trade Association, Ltd.,

The Liverpool Cotton Association, Ltd.,

The United Kingdom Jute Goods Association, Ltd.,

The Indian Tea Association (London), and

The Saltpetre and Rice interests.

I have, etc.,
C. E. LYNCH,
Secretary.

The East Indian Grain and Oilseed Shippers' Association of London, 13*th October*, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to confirm my letter to you, dated 3rd instant, in which, as directed by Sir Stephen Demetriadi, K.B.E., Chairman of the Committee appointed to represent the various Trading Associations interested in the Indian Homeward Bill of Lading, I brought to your notice the recent movement at The Hague, which resulted in the drawing up of certain Rules called "The Hague Rules, 1921."

In that letter, as further directed, I asked you to be so good as not to relax your efforts to hasten legislation on the lines, not of The Hague Rules but of The Canadian-Water-Carriage of Goods Act in accordance with the unanimous recommendation of The Imperial Shipping Committee which was approved by the Prime Ministers and Representatives of the United Kingdom, the Dominions and India.

I am now directed by Sir Stephen Demetriadi to send herewith an account of the proceedings of a meeting of The London Chamber of Commerce convened for the purpose of discussing The Hague Rules, 1921, held on the 7th instant, as reported at

some length by "Lloyd's List," of the 8th instant, and at which meeting, as an amendment to the Resolution approving The Hague Rules, 1921, Sir Stephen Demetriadi proposed on behalf of the Trading Associations—

"That this Chamber does not approve of The Hague Rules, 1921, and asks that legislation, which was unanimously recommended by The Imperial Shipping Committee in their report, dated February 1921, and was approved by the Prime Ministers and Representatives of the United Kingdom, the Dominions and India at their Conference held during June, July and August this year and has, therefore, the support of the whole of the British Empire, should be introduced at an early date."

After discussion the meeting adjourned without arriving at a decision.

I append a list of the Trading Associations referred to:—

The East Indian Grain and Oilseed Shippers' Association of London.

The Incorporated Oil Seed Association.

The London Shellac Trade Association.

The London Jute Association.

The London Corn Trade Association.

The Liverpool Corn Trade Association, Ltd.

The Liverpool Cotton Association, Ltd.

The United Kingdom Jute Goods Association, Ltd.

The Indian Tea Association (London) and certain Saltpetre and Rice interests.

I have, etc.,
C. E. LYNCH,
Secretary.

The East Indian Grain and Oilseed Shippers' Association of London, 17th November, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to refer to my letters to you, dated the 3rd and the 13th October last, in which letters I was directed by Sir Stephen Demetriadi, K. B. E. (the Chairman of the Committee appointed by the various Associations interested in the Indian Homeward Trade), to draw your attention to the following:—

1. The movement at The Hague which resulted in the drawing up of certain Rules called The Hague Rules, 1921.

2. The desire that you should not relax your efforts to hasten legislation, not on the lines of The Hague Rules but, on lines following the recommendation of The Imperial Shipping Committee as approved by the Imperial Conference.

3. The Meeting of the London Chamber of Commerce, to discuss The Hague Rules, held on the 7th October last and adjourned.

I am now directed to send you a cutting from Lloyd's List of the 15th instant (omitted) reporting at some length the proceedings of the adjourned meeting of the London Chamber of Commerce held on the 14th instant from which it will be seen that an agreed Resolution was submitted to the Meeting and carried. The Resolution before the Meeting of the 7th October, accepting The Hague Rules, and Sir Stephen Demetriadi's amendment, not approving of The Hague Rules and asking for legislation, were withdrawn by consent.

In the interval between the Meetings a formula had been found satisfactory to the opposing interests in the Chamber, which became the agreed Resolution moved by Sir Stephen Demetriadi. The lines of the Resolution indicate that whilst some of the provisions of The Hague Rules could not be accepted by certain Associations, including those interested in the Indian Homeward Trade, there are other provisions which could be accepted and that there was no objection to the Rules forming a basis (not the basis) to be taken into account in the settlement when it comes along.

It is important to note that the Meeting approved the legislation recommended by the Imperial Shipping Committee and accepted by the Imperial Conference, and agreed to direct the attention of the Governments of the United Kingdom, the Dominions and India to The Hague Rules as containing some provisions suitable for incorporation in that legislation.

Sir Stephen Demetriadi emphasised the fact that it was not a question of The Hague Rules *versus* legislation but really one of bringing into harmony two movements which aimed at the same result.

The position therefore now reached is that approval has been given by the London Chamber of Commerce to legislation based upon the merging of the best points of The Hague Rules into the best points of the Report of the Imperial Shipping Committee.

I again append a list of the Associations which Sir Stephen Demetriadi represented :—

The East Indian Grain and Oilseed Shippers' Association of London.

The Incorporated Oil Seed Association.
The London Shellac Trade Association.
The London Jute Association.
The London Corn Trade Association.
The Liverpool Corn Trade Association, Ltd.
The Liverpool Cotton Association, Ltd.
The United Kingdom Jute Goods Association, Ltd.
The Indian Tea Association (London),
and certain Saltpetre and Rice interests.

I have, etc.,
G. D. POWNALL,
Assistant Secretary.

The British Imperial Council of Commerce, London, E.C. 4.
25*th November*, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—At the last meeting of the Executive Committee I was directed to communicate with you on the following matters and to express the hope that they will receive your early and special attention.

HAGUE RULES, 1921—BILLS OF LADING.

My Committee considered the question of giving further effect to the resolutions of the Toronto Congress in regard to shipping questions, of which the full text was given in the last Annual Report, having regard to the conclusions of the Imperial Conference, of the recommendations contained in the Second Report of the Imperial Shipping Committee and the subsequent adoption of The Hague Rules, 1921, at the Conference of the International Law Association in September last. The precise position of this matter is stated in the accompanying memorandum, and I have been instructed formally to convey to you a resolution which was unanimously adopted for the consideration of the various bodies represented on the Council.

The resolution is as follows :—

"That the constituent bodies represented on the Council should be recommended to favourably consider the voluntary adoption of The Hague Rules in preference to the particular form of legislation recommended by the Imperial Conference in view of the fact that the rules in question are international in their character, covering a much larger ground, and may be a basis for ultimate legislation throughout the Empire in harmony with that of Foreign States."

The Committee will be glad to be favoured with your observations at an early date.

I have, etc.,
CH. MUSGRAVE,
Secretary.

[ENCLOSURES.]

British Imperial Council of Commerce.

MEMORANDUM *re:* BILLS OF LADING.

The Toronto Congress, 1920, adopted several resolutions on the subject of Bills of Lading and the action of shipowners in exempting themselves from numerous liabilities. The main purport of these resolutions was that the Home and Dominion Governments should introduce legislation on the lines of the Harter Act of the United States of America, thus bringing about uniformity within the Empire concerning shipowners' responsibility for the receipt, care, custody and delivery of cargo entrusted to them.

The Imperial Shipping Committee, in its first interim Report, recommended that there should be uniform legislation throughout the Empire based more precisely on the Canadian Water Carriage of Goods Act, 1910, subject to certain further provisions in regard to :—

(1) Exceptional cases in which goods should be allowed to be carried by shipowners at owner's risk ;

(2) the precise definition of the physical limits to the shipowners' liability ;

(3) the fixing of maximum values for packages up to which shipowners should be liable to pay.

The Committee added :

"We make the Canadian Water Carriage of Goods Act, and not the Harter Act which it closely resembles, the basis of our recommendation because it embodies the latest experience. It was passed in 1910 whereas the Australian Sea Carriage of Goods Act was passed in 1904 and the New Zealand Shipping and Seamen Act, certain sections of which deal with shipowners' liability, was passed in 1903. The Harter Act was passed in 1893."

The Imperial Shipping Committee subsequently issued a further interim Report advocating the appointment of a permanent tribunal :

(a) to perform such duties as might be entrusted to them under laws in regard to Inter-Imperial Shipping, applicable to the whole or to important parts of the Empire ;

(b) to enquire into complaints in regard to ocean freights and conditions in inter-imperial trade or questions of a similar nature referred to them by any of the Governments of the Empire ;

(c) to exercise conciliation between the interests concerned in inter-Imperial shipping ;

(d) to promote co-ordination in regard to harbours and other facilities necessary for inter-Imperial shipping.

Incidentally, a letter has been addressed to the British Imperial Council of Commerce by the Toronto Board of Trade approving both recommendations of the Imperial Shipping Committee.

The Imperial Shipping Committee's recommendations were thus in favour of legislation throughout the Empire, and were endorsed by the Imperial Conference; this, of course, was a considerable step in advance towards satisfying the demands of the business community as voiced at the Toronto Congress.

Subsequently, however, an International Conference met at The Hague, some sixteen nations being represented, and recommended the adoption of what are now known as The Hague Rules, 1921, "defining the risks to be assumed by Sea Carriers under a Bill of Lading and defining the relative obligations of shipowners and shippers, which, in the opinion of many competent authorities, are more advantageous than would be the enactment, throughout the Empire, of the Canadian Water Carriage of Goods Act, which is more limited in its application. It is important to note that shipowners themselves or, at all events, a representative section of them, are favourable to The Hague Rules, which have also been approved by the Association of British Chambers of Commerce.

The Hague Conference passed the following resolutions as to giving legislative or voluntary effect to the rules so far as may be advisable for local reasons:

"Whereas special legislation on the subject dealt with by these rules exists in various States and is proposed in other States and whereas it will only be possible in such States to bring these rules into operation if they be in accord with national legislation, it is in the opinion of this Association desirable in order to secure uniformity that such legislation or proposed legislation shall be brought into harmony with these rules."

"That the Executive of the Maritime Law Committee be and is hereby authorised and requested to continue its action, in conjunction with the representative bodies in the interests concerned, in order to secure the adoption of the said rules so as to make the same effective in relation to all transactions originating after January 31, 1922."

The Committee were of opinion that as a matter of policy, notwithstanding the resolutions of the Toronto Congress and the Imperial Shipping Committee, the constituent bodies represented on the Council should be recommended to favourably consider the voluntary adoption of The Hague Rules in preference to the particular form of legislation recommended by the Imperial Conference in view of the fact that the rules in question are international in their character, covering a much larger ground, and may be a basis for ultimate legislation hroughout the British Empire in harmony with that of Foreign States.

The Exchange Chambers, St. Mary Axe, E. C. 3,
London, 22nd December, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed by Sir Stephen Demetriadi, K.B.E., to refer to my letter to you of the 17th November last and to send to you (which I have done under separate cover) 6 copies of each of the following pamphlets, viz.:—

(1) "How The Hague Rules affect Merchants" by A. Jackson, O.B.E., M.A., LL.D.

(2) "Comparison of Hague Rules with Water Carriage of Goods Act (1910) of Canada" by Andrew M. Jackson & Co., Hull.

(3) "Some vital objections to The Hague Rules, 1921," issued by the National Federation of Corn Trade Associations.

I am further directed to add, for the information of the Members of your Chamber, that the attitude of the Traders' Association has not changed in respect of The Hague Rules. They are definitely opposed to the adoption of these Rules and are pledged to press for legislation at an early date on the lines of the Report of the Imperial Shipping Committee. Bills of Lading incorporating The Hague Rules will not be accepted by these Associations. Indeed the opposition to The Hague Rules is growing daily and my Committee have been approached by some of the largest Associations of Traders in the United Kingdom, whose interests are world-wide with a view to their joining with this Committee in making its opposition to the Rules generally known.

I have, etc.,

C. E. LYNCH,

Secretary of the Committee representing the following Associations :—

The East Indian Grain and Oilseed Shippers' Association of London,

The Incorporated Oilseed Association,

The London Shellac Trade Association,

The London Jute Association,

The London Corn Trade Association,

The Liverpool Corn Trade Association, Ltd.,

The Liverpool Cotton Association, Ltd.,

The United Kingdom Jute Goods Association, Ltd.,

The Indian Tea Association (London), and certain Saltpetre and Rice Interests.

TERMS OF CONTRACT FOR THE CARRIAGE OF INDIAN MAILS TO THE UNITED KINGDOM.

Fort St. George, Madras, 5th December 1921

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to enclose copy of a letter received from the Government of India, Public Works Department, on the question of the revision of the terms of contract for the carriage of Indian mails to the United Kingdom which are now under discussion between the British Post Office, the Secretary of State, and the Government of India, and to request that

the views of your Chamber on the proposed change in the timings of the arrival and departure of the mail steamers, referred to in paragraph 3 of the Government of India's letter, may be obtained and communicated to me at an early date.

I have, etc.,
A. SAVARINATHA PILLAY,
for *Secretary.*

[ENCLOSURE.]

From the Government of India, Public Works Department, No. 923 P. W., dated the 14th November, 1921.

I am directed to inform you that the present contract with the Peninsular and Oriental Steam Navigation Company for the conveyance of the India, China and Australian mails will terminate on the 31st January, 1924, and that the conditions under which tenders for a fresh contract for the carriage of Indian mails should be invited are now under discussion between the British Post Office, the Secretary of State, and the Government of India.

2. It is proposed that the service should consist normally of a service once a week from a port in the United Kingdom and from some port in the Mediterranean, *viz.*, the Suez Canal to Aden and Bombay and *vice versa*. While parties tendering are at liberty to select any port in the Mediterranean as the Mediterranean port of departure and arrival the forms of tenders are being prepared on the basis of a voyage between Marseilles and Bombay, for which alternative tenders will be called for the following periods of transit, *viz*,, in

(1) 336 hours;

(2) 324 „

(3) 312 „

(4) 300 „

Such times will be inclusive of the time occupied by the passage through the Suez Canal, all stoppages at intermediate ports and all time, if any, occupied in the transfer of the mails from one ship to another. They will not include the time taken in the carriage of the mails between London and Marseilles which will be approximately 25 hours. Under the existing contract a maximum period of 270 hours is prescribed in either direction for the conveyance of the mails by the sea-route between Brindisi and Bombay, but it is not now proposed to reopen this route. Parties may tender for the conveyance of the Indian mails separately from those for China or Australia.

3. According to pre-war timings the mails were due to arrive in Bombay on Friday morning and to depart on Saturday. This arrangement was liable to cause a rush and confusion in Bombay during the interval between the arrival of one mail steamer and the departure of the next. The hotels in Bombay tended to be overcrowded on Friday afternoon and night and travellers were put to considerable inconvenience. It has been suggested that a better arrangement would be for the outgoing mail to leave Bombay on Friday and the incoming mail to arrive on Saturday. It is anticipated that this arrangement would not prove inconvenient to the shipping companies, since it would avoid the clashing of the incoming and outgoing mails at Marseilles, where accommodation for two steamers at the same time is not available at the P. and O. wharf, and at Bombay would relieve them of the pressure under which they were required to work under the old arrangement on Fridays and Saturdays. It would suit the Indian Post Office since if the outgoing mail at Bombay were cleared on Friday the staff would be ready to deal with the incoming mail on Saturday morning. From the point of view of the Railways, it would mean economy in the use of the three postal special trains, which would arrive at the

Ballard Pier on Friday and be ready to leave again on Saturday. It is believed also that the travelling public would appreciate the change. In these circumstances, the Government of India would be glad if, after consulting the Chambers of Commerce and such other representative bodies as are likely to be interested in the question, the Government of Madras would be so good as to favour them with an expression of their opinion on this point. They would also be glad to consider any other points in connexion with the new contract which the Government of Madras may desire to raise.

Board of Revenue, Land Revenue, Chepauk, 12*th December*, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to forward a copy of the letter from the Government of India, P.W.D. No. 923-P.W., dated 14th November, 1921, and to request that you will be good enough to favour the Board with your opinion in the matter at an early date.

I have, etc.,
J. V. NARGUNAM,
Secretary.

Chamber of Commerce, Madras, 15*th December*, 1921.

TO THE SECRETARY, BOARD OF REVENUE, LAND REVENUE,
Madras.

SIR,—I have the honour to acknowledge the receipt of your letter, dated the 12th instant, transmitting a letter from the Government of India in regard to tenders for the carriage of Indian mails and to state that the subject is for the present receiving the attention of the Chamber.

A further communication will be addressed to you on the subject later on.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 24*th December*, 1921.

TO THE SECRETARY TO GOVERNMENT, FINANCE DEPT.,
Madras.

SIR,—With reference to your letter No. 5846 A-1, dated the 5th December, 1921, enclosing copy of a letter No. 923 P. W., dated the 14th November, 1921, received from the Government of India, on the question of the revision of the terms of contract for the carriage of Indian mails to the United Kingdom, I am directed to state that the Chamber have had the same under

consideration, and I am to inform you that the proposed change in the timings of arrival and departure of the mail is approved by the Chamber so long as it is understood that the mails are delivered in Madras not later than Monday morning.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 24th December, 1921.

TO THE SECRETARY, BOARD OF REVENUE, LAND REVENUE,
Madras.

SIR,—With reference to my letter of the 15th instant, I have the honour to enclose copy of a letter which this Chamber has addressed to the Government of Madras, on the subject of the carriage of Indian Mails to the United Kingdom.

I have, etc.,
H. E. H. SLADEN,
Secretary.

INDIAN FISCAL COMMISSION.

GOVERNMENT OF MADRAS.

DEVELOPMENT DEPARTMENT.

G.O. No. 1992, *Mis., dated the 22nd October*, 1921.

READ—the following paper:—

From the Government of India, Department of Commerce, Resolution No. 5915, dated the 7th October, 1921 :—

Trade after the War-Imperial Preference.

With the approval of His Majesty's Secretary of State for India, the Government of India have decided to appoint a Fiscal Commission with the following terms of reference, "to examine with reference to all the interests concerned the Tariff policy of the Government of India, including the question of the desirability of adopting the principle of Imperial Preference, and to make recommendations."

2. The following gentlemen have agreed to serve on the Commission :—

President.—The Hon'ble Sir Ibrahim Rahimtulla, KT., C.I.E.

Vice-President.—J. M. Keynes, Esq., M.A., C.B., Fellow of King's College, Cambridge.

Members.—T.V. Seshagiri Iyer, Esq., M.L.A., Ghaneshyamdas Birla, Esq., M.L.C., of Messrs. Birla Brothers, Ltd., Calcutta, J. C. Coyajee, Esq., B.A., LL.B., Professor of Economics, Presidency College, Calcutta, the Hon'ble Sir Manakjee Byramjee Dadabhoy, KT., C.I.E., Jamnadas Dwarkadas, Esq., M.L.A., the Hon'ble Sir Edgar Holberton, KT., C.B.E., R. A. Mant, Esq., C.S.I., I.C.S., Narottam Morarji, Esq., of Messrs. Morarji Goculdas and Company, Bombay, C.W. Rhodes, Esq., C.B.E., M.L.A., of Messrs. Hoare Miller and Company, Calcutta, Sir M. deP. Webb, KT., C.I.E., C.B.E. (The Vice-President will arrive in India about the beginning of February.)

3. Mr. H. G. Haig, I.C.S., has been appointed Secretary to the Commission, and Mr. E. F. Rogers, Officer on Special Duty in this Department, will be Assistant Secretary.

Indian Fiscal Commission, Simla, 20th October, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to forward herewith a list of the questions prepared for witnesses giving written evidence for the Indian Fiscal Commission, and to say that the Commission would be glad to receive the views of the Chamber on such of the points as they may wish to deal with.

I have, etc.,
E. ROGERS,
for *Secretary, Indian Fiscal Commission.*

List of Questions for witnesses giving written evidence for the Indian Fiscal Commission.

EXPLANATORY NOTE.

The following questions have been framed with a view to indicating the main aspects of the enquiry to be undertaken by the Fiscal Commission, so far as the President and those Members of the Commission whom he has been able to consult can at present judge of them. Sections A. and B. are intended to cover the general problems which will arise for consideration in determining the future direction of fiscal policy and in deciding whether India should adopt a policy of Imperial Preference. The remaining sections contain questions designed to elicit not only the opinions but the definite experience of those engaged

in the various branches of industry and commerce. In the case of answers to these questions the Commission will naturally attach special importance to conclusions resting on a solid foundation of facts and figures.

2. It is not intended that those who are engaged in industry and commerce should confine themselves to the special sections dealing with their particular business. On the contrary, there are many questions in Sections A. and B. which require for their adequate consideration an intimate acquaintance with business conditions, and it is hoped that those who have such special knowledge will give the Commission the benefit of their general views on the important and difficult problems that arise.

3. As explained above, the questions are designed to cover the whole field of the enquiry, so far as it can be outlined at this stage. It is not therefore expected that each witness should attempt to answer all the questions. If a witness wishes to give his views on any points relevant to the enquiry which have not been included in the questionnaire, it would be convenient that such points should be dealt with in a supplementary statement.

4. The Commission is inviting either directly or through Local Governments various associations and individuals to forward in writing their replies to the questionnaire. The Commission will also be glad to receive replies from any associations or individuals not so invited who may wish to represent their views. Copies of the questionnaire can be obtained from the Secretary, Indian Fiscal Commission, Simla, on application.

QUESTIONS FOR WITNESSES

A.—General.

The existing Indian import tariff is based primarily on revenue considerations. But it has been modified with a view to admitting free or at the favourable rate of 2½ per cent. articles the cheap import of which was considered desirable in the interests of the country. Thus certain raw materials, manures, agricultural implements, dairy appliances and cotton yarn, are admitted free. Machinery, iron and steel and railway plant and rolling stock pay only 2½ per cent. *ad valorem.* The general rate, under which come the bulk of imports, is 11 per cent. *ad valorem*, while certain articles such as motor cars, jewellery and silk goods have been specially subjected from revenue considerations to a duty of 20 per cent. Sugar is charged at a special rate of 15 per cent. and high duties are imposed for revenue purposes on tobacco and liquors. An excise duty at the rate of 3½ per cent. is levied on all woven cotton goods manufactured in power mills in British India.

Export duties imposed for revenue purposes are at present levied on raw and manufactured jute, rice and tea. In 1919 an export duty was also imposed on raw hides and skins, with a rebate of ⅔ of the duty on hides and skins exported to any part of the Empire. The object of the duty was partly to foster the Indian tanning industry and partly to maintain a key industry within the Empire.

A Revenue Tariff.

1. Do you generally favour a policy of free trade or protection? If the former, have you any objection to the imposition of customs duties for the purpose of obtaining revenue?

2. Do you consider that a tariff provides a more or a less suitable form of taxation for India than direct taxation? If fresh taxation were necessary, would you prefer an increase in customs to an increase in direct taxation?

3. If you accept the principle of imposing a tariff for revenue purposes, would you suggest any change in the list of articles taxed or in the rate of taxation?

4. Do you consider that the tariff should continue to be based on existing principles? If so, please explain your views as to the advantages of this policy.

5. What effect do you consider the existing tariff policy has had on Indian industries in the past, and what effects on Indian industries would you anticipate from a continuance of this policy in the future?

6. When a duty is imposed on an article imported from abroad, do you approve in theory or in practice of imposing an excise duty on the same article manufactured in India?

7. If you favour the imposition of excise duties, is it on the ground that no protection of any kind should be afforded to the home manufacturer as against the foreign manufacturer?

8. Can such duties be imposed without raising the price to the consumer?

A Protective Tariff.

9. Do you consider that the tariff should be framed primarily with the object of fostering Indian industries? If so, please explain the advantages anticipated.

10. Do you look forward to India becoming in time independent of other countries in regard to all her requirements of manufactured goods, or do you consider that there are certain manufactured goods for which she is always likely to be dependent on other countries? If you hold the latter view, can you furnish a list of articles for which India will have to depend on other countries?

11. Would you, for the purpose of developing Indian industries, favour the imposition of protective duties on all imported manufactures or only on some?

12. If you favour the protection of some industries only, which would you select for protection, and on what principles?

13. Do you consider it desirable to establish new industries by protection? If so, on what principles would you select them?

14. Would you confine protection to industries which are likely after a period to be able to face foreign competition without such assistance, or would you contemplate the establishment of industries which would be likely to require continuous assistance?

15. Would you grant special protection against foreign goods favoured by such measures as dumping, bounties, subsidies or transport concessions? If so, what means would you suggest for ascertaining the exact facts and what measures would you advocate to afford the necessary protection?

16. What is your attitude towards hand industries and in particular towards the cotton handloom industry? Do you wish them to be maintained or not?

17. Is there any danger in India of protection leading to combination among the protected manufacturers in order to maintain a quasi-monopoly price? If so, what safeguards would you suggest to counteract the effect of such a combination?

18. Do you think that, if a protective policy is adopted, it is likely that British or foreign industrial firms will endeavour to establish themselves in India in order to get the benefit of the protective tariff? If so, what would be your attitude towards such a movement?

19. In countries under a protective system it sometimes happens that producers of raw material ask for protection, while manufacturers who use the raw material oppose them, wishing to get their raw material as cheaply as possible. In the same way a demand of the spinning industry for protection is sometimes opposed by the weaving industry whose interest lies in cheap yarn. Do you think that conflicts of interest of this nature would be likely to arise in India and that if they did arise there would be any difficulty in adjusting them?

Effect of Protection on prices and on the consumer.

20. When an import duty is imposed, do you consider that ordinarily the whole or any part of it is passed on to the consumer in a rise of price?

21. If a protective duty causes a rise in price, is that rise likely to be permanent or not?

22. Would you be willing to accept an increase in price to the Indian consumer for the sake of developing Indian industries?

23. In considering the above question, would you have regard to the point whether the protected article was a necessary of life? If so, what articles would you class as necessaries?

24. If you hold that an increase in the tariff rates would tend to increase the cost of living in India, do you think the increased cost would be covered wholly or in part by a rise in wages or salary for:—

(*a*) the industrial wage earner,

(*b*) the agricultural wage earner,

(*c*) the middle classes.

Effect of Protection on Foreign Trade.

25. What effect do you consider a policy of protection would have on the foreign trade of India and on the general commercial position and prospects of the country?

Use of Tariff for bargaining.

26. Do you consider that the existence of a tariff which could be used as an instrument for bargaining with other countries would be advantageous to India?

27. If so, would you recommend the adoption of general and special tariffs, the special being applied to countries from which India receives favourable treatment?

28. If the tariff is to be used in this way, would it be necessary to make it more detailed than it is at present?

Organisation for investigating the claims of Industries.

29. If a policy of protection were adopted, would you recommend any kind of permanent organisation for investigating the claims of various industries to protection from time to time and for the periodical readjustment of tariff rates?

Export duties.

30. What is your view of the proper function of export duties? Do you think that they should be imposed only for the purpose of raising revenue, or do you think that they may be utilised for other purposes also?

31. What do you consider generally is the effect of export duties on the export trade? Can they in certain circumstances be imposed without injury to the trade? If so, in the case of what trades in India could this be done, and to what extent?

32. Would you consider it advisable to impose an export duty on a raw material in order to encourage its retention in India either for purposes of manufacture or for any other purpose? If so, please examine instances in which you would recommend such action and consider whether it would have any effect on the producers of the raw material and the amount they would produce.

33. Do you consider that it would be of advantage to India to impose an export duty on foodstuffs with a view to controlling their export and thereby lowering Indian prices and the cost of living? What effect do you consider such action would be likely to have on the agricultural interests and on the quantity of foodstuffs produced in India?

34. Would you consider it advisable to impose an export duty on a raw material in retaliation for an import duty imposed by a foreign country on the manufactured article? If so, please examine cases in which you would recommend such action.

B.—Imperial Preference.

At present reduced duties are levied by Canada, Australia, South Africa and New Zealand on a number of articles imported from the United Kingdom. In Canada, Australia and New Zealand the preferential duties are usually about ⅔ of the full duty, though the fraction varies considerably both above and below this figure. The South African preference is a small one and is usually only a rebate of 3 per cent. *ad valorem.*

The United Kingdom has recently established preferential rates which are granted to the whole Empire on nearly all articles on which import duties are levied in the United Kingdom. The preferential rate is as a rule either 5/6 or ⅔ of the full rate.

A number of the smaller colonies grant preferential rates to the United Kingdom, and there are also various agreements between different parts of the Empire for mutual preference.

The countries which at present levy a lower rate of duty on certain goods imported from India as compared with the general duty levied on imports from foreign countries are the United Kingdom, Canada and New Zealand.

The articles of interest to India on which such lower duties are levied in the United Kingdom are tea, coffee and tobacco. These are all charged 5/6 of the full rate. In the case of Canada the only Indian imports of any account are tea, jute cloth and raw hides. There is no duty on raw hides or jute cloth. On Indian tea the rate is 7 cents per lb. as against the rate of 10

cents on tea imported from countries outside the Empire. New Zealand imports from India a small quantity of tea which pays 3*d.* per lb. as against the rate of 5*d.* charged on tea imported from outside the Empire, and a small quantity of candles which are charged 1½*d.* per lb. instead of 2¼*d.* Other imports from India into New Zealand are for the most part either free or receive no special treatment.

35. Are you on general grounds favourable to the idea of Imperial Preference? If so, do you think that India would be justified in risking any appreciable economic loss for the sake of Imperial Preference?

36. Would you differentiate between the policy to be adopted towards the United Kingdom and towards other parts of the Empire?

37. Do you anticipate any material loss or gain to India from a system of Imperial Preference? In particular, do you apprehend any likelihood of retaliation by foreign countries against India?

38. If you are in favour of preference, can you give a list of articles imported into India and exported from India to which the policy of preference might be applied? What would you consider a reasonable average rate of preference?

39. What principles would you apply in selecting articles to which preference might be given on import to India? Would you give preference in the case of goods which India hopes in time to manufacture mainly or entirely for herself, or only in the case of goods for which India is likely to have to depend on other countries?

40. If preference were given by raising the import duties on goods coming from foreign countries, the existing rates being maintained for British goods., do you anticipate that this would raise the price to the consumer or not?

41. Do you think that a system of Imperial Preference is likely to increase or diminish the total volume of Indian imports or exports, or to alter appreciably the proportion between them and thus affect the balance of trade?

42. Do you consider that the partial or complete diversion of trade from foreign countries which might result from Imperial Preference would have any effect on India's general trade position?

C.—Manufactures.

43. Are you interested in any industry and, if so, in what capacity?

44. Do you consider that there are natural advantages for the industry in India? If so, please enumerate them.

45. Do you consider that the industry is essential to the national security or of substantial importance to the economic prosperity of India?

46. What is the state of organisation and equipment of the industry in India as compared with that in other countries?

47. On what markets does the industry depend for the sale of its output?

48. What foreign competition (including for this purpose competition from the United Kingdom or other parts of the Empire) does the industry have to meet—

(*a*) in the Indian market;

(*b*) elsewhere?

Does this competition extend to all or only to particular classes of goods, and does it vary with different classes of goods?

49. Apart from questions of organisation and equipment, are there any special circumstances, natural or artificial, which give the competing country an advantage?

50. Do you think that the industry needs protection? If so, what rate of duty do you consider it is necessary to impose? Please give in detail the facts and figures on which you base your conclusions.

51. Do you think it likely that, if protection is granted, the industry will eventually reach a level of development which would enable it to face foreign competition without the aid of protection, or do you think the industry will always remain to a greater or less degree in need of protection?

52. Does the industry ever suffer from dumping? If so, do you wish to suggest any remedy?

53. Is competition from other countries accentuated by depressed exchanges in those countries?

54. If so, is this phenomenon likely to be temporary?

55. Do you consider that any remedy is required? If so, what would you suggest?

56. Has the industry received any benefit from the successive enhancements of the tariff beginning in 1916? Can you describe the effects, so far as yet apparent?

57. Do you think the industry has suffered in any way from export duties? If so, please give in detail the facts and figures from which this conclusion is drawn.

58. Is the finished product of the industry used as the raw material for any other industry? If so, to what extent?

59. Does the industry use as its raw material the finished product of any other industry which is established or is likely to be established in India?

60. Would you prefer a system under which all industries would receive a more or less uniform protection, or one under which industries receive varying amounts of protection in accordance with their needs?

D.—Export Trade.

N.B.—These questions are intended not only for actual exporters but also for those who produce for export.

61. What articles do you export and to what countries?

62. Are you interested in any of the articles on which export duties are levied? If so, what do you consider has been the effect of these duties?

63. Do you recommend the increase, reduction or abolition of any of the existing export duties?

64. Is the Indian export trade in any way hampered by high import duties imposed in certain countries? If so, do you consider any action feasible or desirable?

65. Do you think the export of any articles in which you deal would be stimulated by a preferential rate granted by the United Kingdom or any of the Dominions or Colonies? If so, what would you consider the minimum rate of preference for each article which would exercise an appreciable effect?

66. Do you consider that the lower duties at present levied on certain imports from India into the United Kingdom or Canada or New Zealand, as compared with the general duty levied on imports from countries outside the Empire, have had or are likely to have any beneficial effects on the Indian trade in those articles?

67. Do you think that any foreign country whose trade might suffer by a system of Imperial Preference would be able without injury to itself, or would be likely even at the cost of injury to itself, to penalise the Indian export trade to that country? If so, what are the Indian exports that might suffer?

68. If owing to a system of Imperial Preference the imports from certain foreign countries diminished, do you consider that this would tend to have any effect on the volume of Indian exports to those countries?

69. If so, would there be an alternative outlet for these exports, without economic disadvantage, within the British Empire or in other foreign countries?

E.—Import Trade.

70. What articles do you import and from what countries?

71. Have you observed any effects on your trade in particular articles from the year 1916 up to date, which can be ascribed in part or in whole to the changes in the rates of import duty?

72. Do you consider that an appreciable increase in the present tariff rates would seriously diminish the volume of imports? Can you give instances of any important commodities in which such a result is likely to occur?

73. What would you expect to be the effect on the import trade of a preference given to British goods—

(*a*) if the preference were given by maintaining the existing rate for foreign goods and reducing it for British goods;

(*b*) if the preference were given by maintaining the existing rate for British goods and enhancing it for foreign goods; and

(*c*) if the preference were given by a combination of (*a*) and (*b*), *i.e.*, raising the rate for foreign goods and reducing it for British goods?

74. If Imperial Preference were introduced, would you recommend that the same preference on the same goods should be granted to all constituent parts of the Empire, or would you treat each part of the Empire separately, taking into account the question of what reciprocal benefits India would receive?

75. Do you think it likely that a system of Imperial Preference would diminish or increase the total import of any class of goods, or would it merely tend to alter the proportion in which that total is derived from foreign and British countries?

76. Would any undesirable results follow from diverting the source of Indian imports from foreign to British countries?

77. If you are favourable to Imperial Preference, to what articles would you be prepared to extend a preference if imported from the Empire or particular parts of the Empire, and what would you suggest as the amount of that preference?

78. Do you approve of the system of *ad valorem* customs duties, or would you prefer that the duty should be specific, *i.e.*, a fixed charge for a given weight or measure? If you prefer the latter system, what are your views on the necessity of readjusting the duties from time to time?

F.—Retail Trade.

79. What are the principal imported goods in which you deal?

80. To what extent can changes in the retail prices of imported goods from 1916 onwards be attributed to the increases in the import duties during that period? Can you give details of any such changes in retail prices with which you are familiar?

81. In the case of any important classes of imports can you give any figures showing to what extent demand diminishes as prices rise?

82. Have the increases in the tariff since 1916, affected your trade in any way?

83. What would you expect to be the effect on your trade if imports from the United Kingdom or from the whole Empire were taxed at existing rates, while the duty on imports from foreign countries was raised?

Chamber of Commerce, Madras, 22nd December, 1921.

TO THE SECRETARY, INDIAN FISCAL COMMISSION,
Camp.

SIR,—I have the honour to acknowledge the receipt of your letter No. 148, dated the 20th October, 1921, and I am directed, in reply, to hand you herewith 12 copies of the answers by this Chamber to the main sections of the Questionnaire.

I am to add that Sir Gordon Fraser, of Messrs. Best & Co., Ltd., Mr. W. Alexander, M.L.C., of Messrs. Alexander & Co., and Mr. F. E. L. Worke, of Messrs. Walker & Co., will be the Chamber's official witnesses for oral examination when your Commission visits Madras.

I have, etc.,
H. E. H. SLADEN,
Secretary.

[ENCLOSURE.]

THE INDIAN FISCAL COMMISSION.

QUESTIONNAIRE.

A.—General.

A Revenue Tariff.

1. The Chamber favours a policy of Free Trade, but has no objections "to the imposition of Customs duties for the purpose of obtaining revenue."

2. The Chamber considers that a Tariff provides a more suitable form of taxation for India than direct taxation. The latter is often unpopular, and sometimes evaded, and frequently difficult of collection. The same objections do not apply to indirect taxation.

If fresh taxation were necessary the Chamber would, therefore, prefer an increase in Customs to an increase in direct taxation.

N.B.—It must be premised, however, that this holds good only up to a point. If an increased Tariff checks consumption so much as to keep stationary, or reduce, the yield from duties, direct taxation is the only alternative.

3. The Chamber has no change to suggest in the list of articles taxed or in the rate of taxation. Both points should be arranged from time to time according to the needs of revenue purposes.

4-5. The Chamber sees no reason to depart from existing principles in basing the Tariff.

Under the existing policy, Indian industries cannot be said to have been hindered; on the contrary, they have flourished greatly. The Chamber would not anticipate any adverse effect on Indian industries from a continuance of the existing Tariff policy.

6. In theory, and logically applied, a Free Trade policy which imposes a duty on an article imported from abroad calls for an Excise duty on the same article manufactured in India.

But the Chamber is for a large latitude in practice. The Chamber approves of Excise duties for the purpose of obtaining revenue, as it does in the case of Import duties, and in the belief that indirect taxation is better suited to India than direct taxation.

7. The Chamber favours the imposition of Excise duties for revenue purposes only, and not on the ground that no protection whatever should be afforded to the Home manufacturer against the foreign manufacturer.

8. The Chamber is afraid that no duties, either import or export, can be imposed without raising the price to the ultimate consumer.

A Protective Tariff.

9. No. The Tariff should be framed primarily for the purpose of obtaining revenue. The object of fostering Indian industries should be a secondary consideration.

10. The Chamber considers there are certain manufactured goods for which India is always likely to be dependent on other countries. Such goods are, perhaps, too numerous to mention, but the Chamber would instance fine classes of textiles, plain, dyed and printed. Grey and dyed yarns of high counts, machinery, copper and other metals to a great extent, glassware, tools, hardware, matches, paper, drugs, dyes, gold and silver thread.

11. For the purpose of developing Indian industries the Chamber has no objection to the imposition of temporary protection duties on some imported manufactures, certainly not on all.

12. Those industries which it is reasonable to expect that India could make a permanent success of.

Those already made a success of the Chamber would not protect.

13. Not desirable, but for the purposes of assisting development the Chamber has no objection to temporarily protecting industries that give promise, after a fair trial, of standing alone

14. Only the former, never the latter.

15. Not as a general principle. But if, after considering every instance on its merits, the Chamber were satisfied that such actions by foreign countries as dumping, bounties, subsidies and transport concessions, were undoubtedly injuring desirable Indian industries, it would have no objection to grant special protection to such Indian industries by imposing countervailing duties equal to the bounty, subsidy or concession granted by the foreign country.

16. The attitude of the Chamber is benevolent towards hand industries, and, in particular, the cotton hand-loom industry, but the Chamber thinks they should maintain themselves. The Chamber might assist them to a small extent. But the Chamber fears they must give way to the power industry.

17. There is such a danger, but reasonable combination of similar interests cannot be objected to. If such combination

becomes unreasonable, undesirable or a public danger, protection could be withdrawn, Excise duties increased, or other steps taken as might be found necessary.

18. Yes, not only quite likely, but might naturally follow. The Chamber would welcome all industrial firms.

19. Under a protective system conflicts of the nature described are quite likely to arise. Therein lies the danger, because everybody cannot get protection. But the Chamber would not anticipate any great difficulty in adjusting such conflicts, so long as it is admitted that, as far as possible, raw material should be free.

Effect of protection on prices and on the consumer.

20. As in answer to No. 8, the Chamber considers the whole of the duty is ordinarily passed on to the consumer in a rise of prices.

21. The rise in price will be as permanent as is the duty. If the duty is reduced or withdrawn, the price will come down, accordingly.

22. Yes, to some extent in suitable industries—see answers to 11-13.

But it will not be fair to the Indian consumer to pursue this policy indefinitely. If, after a fair trial, any protected industry cannot stand alone, it should be given up, as unsuitable to the country, and cheaper for the country to import the foreign manufactured article.

23. The Chamber would include articles classed as a necessary of life in answer to 22.

24. The Chamber believes that an increase in the tariff rates would tend to increase the cost of living in India; on the other hand, the Chamber has very little to go on that such increased cost would be covered wholly or in part by a rise in wages or salary for (*a*) the industrial wage earner, (*b*) the agricultural wage earner, (*c*) the middle classes.

An increase in income-tax does not connote a rise in salary for assessees.

And with reference to the conflicts suggested in question 19, an increase in the tariff rates might warrant one industrial concern paying higher wages while it would prevent another.

Effect of protection on Foreign Trade.

25. The Chamber cannot imagine a policy of protection increasing the Foreign Trade of India or improving India's commercial position and prospects generally.

Use of Tariff for bargaining.

26—27. The Chamber is doubtful, speaking generally, of the advantages of using a Tariff as an instrument for bargaining with other countries.

28. Yes, it would seem likely.

29. Yes, this also would seem necessary.

Export Duties.

30. The proper function of Export duties, in the opinion of the Chamber, should be for the purpose of obtaining revenue.

31. It must be admitted that export duties will adversely affect the export trade, and they must be imposed cautiously.

32. Generally speaking, no. If export offers a better market to the producer than the Home market, he must be allowed to export or he will cease to produce.

33. The Chamber cannot say that it would be an advantage to India to impose an Export duty on foodstuffs thus controlling their export and thereby lowering Indian prices and the cost of living. If the Chamber were satisfied, it would favour the policy. The danger of adopting such a policy would be to make the agriculturist stop growing foodstuffs and go in for commercial crops.

34. Not as a general principle, but the Chamber is prepared to consider specific cases where circumstances may seem to warrant it.

The question of retaliation is not easy. Adopted as a general principle it might do more harm than good.

B.—Imperial Reference.

35. On general grounds the Chamber is favourable to the idea of Imperial Preference. But the Chamber hardly thinks India would be justified in risking any appreciable economic loss for the sake of Imperial Preference.

The Chamber is for seeing the way clearer, and any economic loss reduced to a minimum.

36. The Chamber would not differentiate between the policy to be adopted towards the United Kingdom and other parts of the Empire if they did not differentiate towards India.

37—39. The Chamber would anticipate some loss to India from a system of Imperial Preference. The Chamber does not see why foreign countries should retaliate; but if they did, it would be a question for negotiation. This latter would be the

Chamber's point all through, the effect upon every article, carefully weighed in all its bearings, and not simply an including of everything in general tariff of Preference.

40. Yes. To the British goods existing rates on which were maintained, would tend to be added the increased import duties on foreign goods.

41-42. The Chamber is not in a position to say, but is inclined to think there will be no appreciable change.

WORKING OF SECTION 19 OF THE INCOME-TAX ACT, 1918.

Finance Department, dated Delhi, 1st *December,* 1920.

To ALL CHAMBERS OF COMMERCE AND ASSOCIATIONS,

SIR,—I am directed to enclose a copy of a letter No. 3013-F., dated the 1st December, 1920, which has been forwarded to all Local Governments, and request that the views of your Chamber may be communicated to the Government of India through the Local Government, at as early a date as possible.

I have, etc.,
J. C. NIXON,
Under Secy. to the Govt. of India.

[ENCLOSURES.]

Finance Department, Delhi, 1st *December,* 1920.

TO ALL LOCAL GOVERNMENTS AND ADMINISTRATIONS,

SIR,—I am directed to say that complaints have been received regarding the difficulties involved in working the procedure laid down by section 19 of the Imcome-tax Act, 1918 (VII of 1918).

2. In the original Bill introduced in the Legislative Council on the 6th February, 1918, it was proposed that income-tax should be finally assessed on the ascertained income of the preceding year, but the Select Committee abandoned that system and altered the Bill to provide that the tax should be levied in each year in respect of the taxable income of that year. Under the changes introduced by the Select Committee, a provisional assessment is, in the first instance, made on the basis of the previous year's income, while there is a subsequent adjustment under section 19 of the Act when the actual income of the year of assessment becomes known. In their report the Select Committee stated that this alteration had been made "to meet representations made on behalf of the commercial community."

3. The procedure adopted in the Act has, it is understood, led both to considerable complications in the work of the assessing officers and to difficulties and trouble to the assessees. Two assessments are, in practice, made each year, and in some provinces two notices have to be issued, one for the provisional assessment and the other for the adjustment. In some cases, again, an assessee, as the result of the adjustment for the preceding year and the assessment for a current year being made on the same ascertained income instead of having to pay any demand on account of income-tax, receives a refund on account of the net result of the adjustment and provisional assessment. In businesses where profits fluctuate considerably, if the profits in one year are large, the assessee owing to the adjustment and provisional assessment made in the following year, which may be a lean year, has to pay twice on the profits of the preceding year and then wait for another year for a refund. It is suggested that the larger firms, at whose instance section 19 was inserted in the Act, should be asked to work out what amounts they have had to pay under the provisions of section 19 since the Act came into force, and what amounts they would have paid had the assessments been made finally on the profits of the preceding year for the same period.

As regards smaller businesses, it has been represented to the Government of India that it is extremely difficult to get the assessees to understand what the fluctuations in the assessments mean, and it is obviously most undesirable that assessees should have any difficulty in understanding how the assessments have been arrived at.

4. It is also anticipated that, if the adjustment system is retained, companies and firms will have considerable difficulty in getting a refund of income-tax and super-tax paid in India from the authorities in England. Under section 27 of the Finance Act of 1920, it will be necessary for an assessee to prove that he has paid for a particular year Indian income-tax and super-tax in respect of the same source of income as is being assessed to British income-tax and super-tax.

5. The Parliamentary Joint Select Committee have recommended that each Local Government should get a share in the increase in receipts of income-tax due to an increase in the income brought under assessment, and, if their recommendations are accepted by Parliament, it will be necessary to ascertain each year what the assessed income is in respect of which income-tax has been collected in each province. It will obviously be a matter of extreme difficulty to work out what the assessed income is so long as the adjustment system is retained.

6. From paragraph 479 of the Report of the Royal Commission on Income-tax, 1919, it will be observed that the Commission has recommended that the system of basing the assessments in such cases on the profits of the preceding year should be adopted in England, for, amongst other grounds, the reasons that it will be a very important step in the direction of uniformity and simplicity and that it seems to be universally desired. It will be observed from the evidence of the representatives of the Association of British Chambers of Commerce, in Volume III of the minutes of evidence before the Royal Commission, that that Association strongly urged upon the Commission the advisability of basing assessments of business profits on the ascertained profits of the preceding year. The system at present in force in England under which assessments in such cases are made on the average profits of the last three years is, of course, different from the system now in force in India, but some of the arguments adduced by the Association would apply with equal force to the change now proposed in the Indian system. The Association pointed out, for example, that the distribution of profits whether by way of dividends in the case of a company or appropriation in a partnership or withdrawal in a business carried on by a private individual, is determined by the results as shown by the accounts for the last preceding year, and that it will, therefore, be more convenient and equitable that income-tax (the share of the State) should be ascertained and provided for in respect of the accounts of each individual year as in the case of the other parties interested in the distribution of the profits. They also pointed out that the change would avoid the inevitable irritation

where a trader is losing money and yet has to pay income-tax on apparently fictitious profits based on an average of the profits, even though he is able to obtain a refund at a later date.

7. If it is decided that the adjustment system should be dropped, I am to inquire whether it is considered necessary that any special provision should be made for the years immediately succeeding the change. The question of making any special provision for the years immediately succeeding the change in England was considered by the Royal Commission, and they decided that it was unnecessary. They said, "we are inclined to think that no inequity to the individual is involved by giving full effect to the proposed change at once, because the profits that will form the basis of the assessment for the year in which the change first takes place will be profits which have never entered into any previous average. The only person who might have a grievance is one who has paid, under the system of averages, tax on a larger sum since the commencement of his business than the profits of the business have amounted to. We are inclined to think that in existing conditions the cases in which any hardship would arise must be rare, but whether this is so or not, we are emphatic in our opinion that no general option should be given to the tax-payer to elect, when the basis is changed, which of the two systems he will be assessed under, and that any remedy provided should apply only in the case of proved hardship." Similarly, in the case of India, the profits that will form the basis of assessment in the first year of the change will be profits which have never entered into the calculations of any previous assessments. The witnesses on behalf of the Association of British Chambers of Commerce were opposed to any provision being made for such cases. An extract from the evidence of the principal witness on behalf of the Association is attached to this letter.

8. It will be necessary, however, to consider whether provision should be made regarding the assessment of new businesses and the assessment of businesses which have closed down. The Royal Commission on Income-tax have recommended that "a new business should be assessed for the first year on the profits of that year, and for the second year on the first year's profits subject to an adjustment to the actual profits of the second year at the option of the tax-payer. Where a business is discontinued or ceases in any year, we suggest that it should pay on the actual profits of that year up to the date of cessation, and that the Revenue should have the option of substituting the actual profits for the assessed profits in the penultimate year. For example, assuming that a business lasts for 9½ years, it will pay for the year 1 on the actual profits of the year 1; for the year 2, on the profits of the year 1 or the year 2 at the option of the tax-payer; for the first half of the year 10, it will pay on the actual profits of that period; and for the year 9, the assessment, based on the profits of the year 8, will be capable of adjustment at the option of the Revenue to the profits of the year 9." The Government of India are inclined to think that a simpler solution would be both at the beginning and at the end of a business to assess in each case on the profits of the preceding year.

9. As the question is one of some urgency, if it is to be given effect to by legislation in the ensuing session, I am to ask that your views may be forwarded to the Government of India as soon as possible. Copies of this letter are being sent to the several Chambers of Commerce who are being requested to forward their views through the respective Local Governments.

I have, etc.,
J. C. NIXON,
Under Secretary to the Government of India.

Extract from the evidence of the principal witness on behalf of the Association of British Chambers of Commerce.

* * * * *

"8225. Q. Would you not have to give three years' notice, or two years' notice?

A. I do not think so. You must make a beginning some time if you are going to make a change, and to my mind you should make it at once. It may be necessary, in making the change, to assess twice on the same year.

8226. Q. Could you consider putting in some carefully considered suggestion ; because after all, this proposal of yours has been put forward by various witnesses, but you agree there is a difficulty as to exactly how to make the change ?

A. I do not apprehend any great difficulty.

8227. Q. It is easy to make the change, but will there not be great anomalies owing to the variation of profits and losses ?

A. You cannot help that at the commencement. There may be anomalies, but they will all right themselves in a couple of years.

8228. Q. Yes, that is why I suggested perhaps two years' notice of the change ?

A. But they would have to make the commencement at the end of two years. You must commence some time.

* * * * * * *

8242, Q. It would be a simplification ?

A. It would be a simplification. People understand it better. As I say in my memorandum, they base their distribution of profit on the one year's accounts, and they feel they should at the same time make provision for the liability to the State for each year out of its profits.

8243. Q. When a change of that sort is made, what will happen inevitably will be that some people will gain by it in the first year, and others will lose ?

A. Yes, we cannot help that ; but all those anomalies would be righted in a very short time.

8244. Q. And you think the change would be agreeable to the commercial community ?

A. I think so."

Chamber of Commerce, Madras, 8th February, 1921.

TO THE SECRETARY TO GOVT. OF INDIA, FINANCE DEPT.,
Delhi.

THROUGH THE CHIEF SECRETARY TO GOVERNMENT,
Madras.

SIR,—I have the honour to acknowledge the receipt of your letter No. 3014-F, dated the 1st December, 1920, forwarding a copy of a communication addressed to all local Governments and Administrations on the subject of the difficulties involved in working the procedure laid down by Section 19 of the Income-tax Act, 1918, (VII of 1918)) which provides for an adjustment with actual income when ascertained.

In reply, I am to say that this Chamber is in full accord with the views expressed in the Resolution passed at the Conference of the Associated Chambers of Commerce held at Calcutta last month and which reads as follows :—

"That having been advised by Government that the procedure introduced by Section 19 of the Indian Income-Tax Act, 1918,—which provides for an adjustment with actual income when ascertained—has resulted in trouble to both assessors and assessees, this Association is not prepared to accept the suggestion of Government to abandon the adjustment system without further information as to the exact method it is proposed to adopt to safeguard the interests of assessees for the year in respect of which the change is made.

I have, etc.,
O. KERSHAW,
Secretary.

Finance Department, Fort St. George, 16th February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to acknowledge the receipt of your letter, dated 8th February 1921, on the subject of the procedure laid down by section 19 of the Income-tax Act, 1918, and to state that a copy of it has been forwarded to the Government of India.

I have, etc.,
R. A. GRAHAM,
Secretary to Government.

SECTION 34 OF THE INDIAN INCOME TAX ACT, 1918.

The Associated Chambers of Commerce of India and Ceylon,
Calcutta, 27th September, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to submit, for the information of the Chambers, the attached papers which have been received from the Bengal Chamber of Commerce, with reference to this section of the Indian Income-tax Act, 1918.

I have, etc.,
H. M. HAYWOOD,
Secretary.

[ENCLOSURE.]

Bengal Chamber of Commerce, Calcutta, 24th September 1921.

TO THE SECRETARY, THE ASSOCIATED CHAMBERS OF COMMERCE OF INDIA AND CEYLON,
Calcutta.

SIR,—I am directed by the Committee of the Chamber to hand you, for your information, the attached copy of a representation that they have made to the Government of India, with reference to the application of this section of the Indian Income Tax Act in respect of "tramp" steamers.

I have, etc.,
(Sd.) H. M. HAYWOOD,
Secretary.

Letter No. 2174, dated 24th September, 1921, from the Bengal Chamber of Commerce, to the Government of India, Finance Department.

I am directed to invite the attention of the Government of India to a question which has arisen in regard to the administration of Section of the Indian Income Tax Act, 1918.

2. For convenience of reference I quote the section, which reads: "Any person employed by or on behalf of a person residing out of British India having any business connexion with such person upon whom the Collector has caused notice to be served of his intention of treating him as the agent of the non-resident person shall, for the purposes of this Act, be deemed to be such agent:—

"Provided that no person shall be deemed to be the agent of a non-resident person unless he has had the opportunity of being heard by the Collector as to his liability."

3. The Collector of Income-Tax, Calcutta, has recently informed firms of steamship agents that it is the intention to treat them—under this section—as agents for certain steamship owners whose vessels do not trade regularly with India but are chartered occasionally as "tramps" for a voyage to or from Calcutta. Cases have been brought to the attention of the Committee in which firms of steamship agents have been so notified in respect of "tramps" for which they have done nothing but attend to matters such as entering and clearing the vessel at the Customs. These duties they have undertaken because they represent the charterers, or perhaps because the steamer has been consigned to them under the charter-party, or because the Captain has asked them to do so as the cargo was handled by them. There is no question of the firm being the agents of the owners of the steamer. They have no relations with the owners, and have no means of obtaining information from them.

4. Strong exception is taken by steamship agents in Calcutta to this action on the part of the Income Tax Office. The members of the Chamber have every sympathy with the idea that steamers trading to India should be made to pay income-tax. And they are certainly of the opinion that the levy should not be restricted to Liners only, but that the owners of the so-called tramp steamers should be made liable. But at the same time it is perfectly clear that to collect the tax from the owners of this class of steamers will be a matter of great difficulty. And, this difficulty will not be overcome by the adoption of a method such as that which the income-tax authorities evidently intend to pursue. For what they are doing suggests that they are merely endeavouring to shift the responsibility for realising the tax, from themselves to certain firms, by taking advantage of the provisions of Section 34 to treat such firms as being the agents of the owners.

5. It is true that at the moment the income-tax authorities are merely asking for information; and that the firms upon whom the notice has been served have the right to claim to be heard by the Collector as to their liability. Their protest so put forward has however been rejected; and they now fear that they may be made responsible for payment of tax on any basis upon which the authorities may decide to assess the owners without any hope of recovering it from their so-called principals. The firms will be therefore placed in an intolerable position; and it is obvious that such a course of action on the part of the income-tax authorities cannot be supported.

6. Steamship agents and the members of the Chamber generally have, as I have already indicated, every wish to help the Government to collect the tax but the idea of collecting it for past voyages is impracticable It might be possible to devise a scheme for taxing "tramp" steamers on the basis of inward, or outward, freight; but such a tax would have to be assessed and collected while the steamer was actually in port. A scheme on this basis would receive the support of the Chamber, and steamship agents would be ready to give the necessary information as this would be in their possession. But the Committee of the Chamber strongly support them in their refusal to agree to accept responsibility for such a method of taxation as the income-tax authorities evidently have in mind.

7 I am to express the hope of the Committee that the matter will be fully considered by the Government of India, and that necessary orders will be issued forthwith.

Chamber of Commerce, Madras, 21st October, 1921.

To THE SECRETARY, ASSOCIATED CHAMBERS OF COMMERCE OF INDIA AND CEYLON, *Calcutta.*

SIR,—I am directed to acknowledge the receipt of your letter, dated the 27th September, in regard to Section 34 of the Indian Income-Tax Act in respect of tramp steamers which is for the present receiving the attention of the Chamber.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 28th October, 1921.

TO THE ASSOCIATED CHAMBERS OF COMMERCE, OF INDIA AND CEYLON, *Calcutta.*

SIR,—In continuation of my letter of the 21st instant acknowledging receipt of yours, dated the 27th September, 1921, on the subject of Section 34 of the Indian Income-Tax Act, having regard to tramp steamers, I am directed to inform you that at the General Monthly Meeting of the Chamber held on Tuesday, the 25th instant, it was resolved—

"That the Madras Chamber of Commerce is in agreement with the Bengal Chamber on this point and is prepared to support their letter to the Government of India."

I have, etc.,
H. E. H. SLADEN,
Secretary.

THE SUPER-TAX ACT, 1920.

The Associated Chambers of Commerce of India and Ceylon,
Calcutta, 8th March, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—In submitting the subjoined papers for your information, I am to ask for an expression of the opinion of your Chamber as to whether the Association should take action and, if so, in what direction.

I have, etc.,
H. M. HAYWOOD,
Secretary.

[ENCLOSURE]

Letter dated Rangoon, the 28th February, 1921, *from the Burma Chamber of Commerce, to the Associated Chambers of Commerce of India and Ceylon.*

SUPER-TAX.

I am directed to enclose copies of correspondence on this subject, and to invite you to be so good as to take such action as your Members may decide to be necessary.

Letter dated 18th February, 1921, *from Messrs. Steel Brothers & Co., Ld., Rangoon, to the Secretary, Burma Chamber of Commerce, Rangoon.*

INDIAN SUPER-TAX ACT.

Over a period of the past ten months we have been in communication with Government regarding the question of "multiple" taxation which in cases where parent companies have subsidiary and sub-subsidiary interests means that Super-tax can be collected on the first subsidiary company's profits to a total of, say, six annas per rupee.

We have been able to obtain no satisfaction from the Government of India, however, as will be seen from the last items in following copies of correspondence, which we enclose for the information of your Committee :—

(1) Letter to the Financial Commissioner to the Government of Burma, dated 1st April, 1920.

(2) Letter from the Secretary to the Financial Commissioner, Burma, dated 8th April, 1920.

(3) Letter from the Revenue Secrerary to the Government of Burma, dated 19th August, 1920.

(4) Letter to the Revenue Secretary to the Government of Burma, dated 3rd January, 1921.

(5) Letter from the Revenue Secretary to the Government of Burma, dated 20th January, 1921.

It appears to us that it is now essential to take the course suggested in the last paragraph of the Revenue Secretary's letter of 20th ultimo and have a resolution on the subject put forward in the Imperial Legislative Council, and we shall be obliged if your Committee will take the necessary steps to have this done both direct and through the medium of the Associated Chambers of Commerce of India and Ceylon.

To save time we have to advise you that we are sending full copies of the foregoing correspondence and of this letter to the Hon'ble Mr. E. J. Holberton, C.B.E., and Mr. F. McCarthy, un-officially.

Letter, dated April 1st, 1920, from Messrs. Steel Brothers & Co., Ltd., Rangoon, to the Financial Commissioner to the Government of Burma, Rangoon.

We have the honour to invite your attention to the terms of the New Super-tax Act and to point out that taxation thereunder will operate with undue severity on companies with capital invested in subsidiary companies, amounting in fact to double and even treble taxation of the same profits.

Section 3 of the New Super-tax Act reads as under :—

Taxable Income.

3. For the purpose of this Act taxable income shall be the taxable income computed in the manner laid down in Chapter 1 of the principal Act, subject to the following modifications, namely, that the proviso to Section 7, sub-Section (2) of Section 12 and sub-Section (2) of Section 14 of that Act shall have no application, and that sub Section (1) of Section 12 shall have application only in the cases of unregistered firms and Hindu undivided families.

Sub-Section (1) of Section 12, of the principal Act (referred to above) reads as under—

Exclusions of a general nature.

12. (1) In computing the amount of the income chargeable to income-tax in the case of an assessee under any of the foregoing heads, no account shall be taken of any income which the assessee enjoys as a member of a company or a firm or of an undivided Hindu family where the company, the firm, or the family, is liable to the tax.

The application of sub-Section (1) of Section 12 of the principal Act is expressly withheld in the case of individuals and companies who are thus liable for payment of Super-tax on dividends received from companies whose profits have already borne this tax.

An amendment to remove this anomaly was moved in the Imperial Legislative Council by Sir Fazulbhoy Currimbhoy and supported by Mr. Crum, but was negatived. From reports of the discussion however it would appear that the case argued was that of the individual receiving his income in the form of dividends, who would still be liable to pay Super-tax if his total income amounted to more than Rs. 50,000. The Finance Member's defence of this double incidence of taxation on the individual is contained in the undernoted extract from his speech in introducing the Amended Bill—

"The bill as drafted does definitely imply that some individuals will have to pay Super-tax in some form or another twice over, that is to say after that portion of their income which is represented by dividends in companies has paid one anna flat rate their income as a whole will also pay the ordinary Super-tax rate to the extent by which it exceeds Rs. 50,000 per annum. We are unable to calculate with any exactitude what would be the cost of giving relief in this respect, but it would probably be considerable, and as I have explained above it is a relief which would be needed in case of those drawing a very considerable income from the dividends of companies. After all the total Super-tax in the most extreme cases will be below four annas in the rupee, and had we proceeded in a different way designed to secure us the same revenue without the apparent anomaly of double taxation we should not, I think, have been held to have inflicted undue hardship if we had raised the Super-tax on incomes of this magnitude to four annas."

It is clear from the above that the incidence of the tax on "parent" companies (and the shareholders thereof) with capital invested in "subsidiary" companies was either overlooked or ignored. The Finance Member definitely states that the total Super-tax paid on any profits will in the most extreme cases be below four annas in the rupee. We give below an instance affecting ourselves (and we imagine there must be other similar cases) where the total tax will amount to as much as six annas in the rupee :—

Steel Brothers & Company, Ltd., are shareholders in The Indo-Burma Petroleum Co., Ld., who are shareholders in The Attock Oil Co , Ld , Rangoon.

The Attock Oil Company are liable to pay a Super-tax of one anna in the rupee, on their profits. The Indo-Burma Petroleum Co., Ld., are again liable to pay one anna in the rupee on dividends received from the Attock Oil Co. ; Steel Brothers & Co., Ld., are once again required to pay one anna on dividends received from the Indo-Burma Petroleum Co., Ld. Shareholders in Steel Brothers & Co., Ld., are liable to pay Super-tax on their incomes including Steel Brothers dividends on a graduated scale rising to a maximum of 3 annas in the rupee ; their share of profits in the Attock Oil Co., Ld., is thus taxed to the extent of 6 annas in the rupee. (This is in addition to the payment of Income-tax at 1 anna in the rupee by the Attock Oil Co., Ld.)

The Government of India do not appear to have contemplated the possibility of payment of Super-tax *by a company* on profits that have already been assessed for Super-tax. They assume that "in the most extreme cases" the tax would amount to 4 annas in the rupee, say :—

by a company	... ...	1 anna
by an individual	... ...	3 annas
Total	...	4 annas

It is obvious therefore that if the tax is to be equitably administered protection must be given to shareholders of companies with investments in subsidiary companies, against reduplication of Super-tax such as in the case shown above. This can be done by extending the application of sub-Section (1) of Section 12 of the principal Act to companies as well as unregistered firms and Hindu undivided families This would leave *individuals* still liable to pay Super-tax on dividends, on which Super-tax has been paid *once* by a company, and this is the utmost extent to which the Government of India on the Finance Member's own exposition, intends the tax to be levied.

The matter is one of great importance to a concern like ourselves whose interests extend into a number of subsidiary companies. We put the position before you with the request that the issue raised will be given the full consideration of the Local Government, and that the Government of India be asked to re-examine the question and take the necessary steps to modify the application of the Act.

Letter No. 151, dated April 8th, 1920, from the Secretary to the Financial Commissioner, Burma, to Messrs, Steel Brothers & Co., Ld., Rangoon.

I am directed to acknowledge the receipt of your letter dated the 1st April, 1920, on the subject of the new Super-tax Act, and to say that further communication will be made to you in due course of time.

Letter No. 574-41—30, dated August 19th, 1920, from the Revenue Secretary to the Government of Burma, to Messrs. Steel Brothers & Co., Ld., Rangoon.

With reference to your letter dated the 1st April, 1920, to the address of the Financial Commissioner representing that the terms of the new Super-tax Act will operate with undue severity on companies with capital invested in subsidiary companies, I am directed to say that this question was referred to the Government of India in the Finance Department in May last and that the Government of India have now intimated that the settlement of the question awaits the arrival of certain papers from the Secretary of State regarding the practice in the working of the English Act. I am to explain that the delay in dealing with your reference is due to these papers not having been received as yet, and until they have been received, it will not be possible for the Government of India to give a final reply.

Letter dated January 3rd, 1921, from Messrs. Steel Brothers & Co., Ld., Rangoon, to the Revenue Secretary to the Government of Burma, Rangoon.

With reference to our letter to the Financial Commissioner, dated 1st April, 1920, on the subject of double taxation under the new Super-tax Act and your reply thereto No. 574-41-30, dated 19th August last, we now have the honour to enquire if a decision has yet been come to by the Government of India. Should no decision yet have been communicated to you, we have the honour to request that you will kindly again refer the question to the Government of India by wire—as pending a decision being come to, the settlement of our Home Income-tax Assessment is being held up. Thanking you in anticipation.

Letter No. 607-41—11, dated 20th January, 1921, from the Revenue Secretary to the Government of Burma, to Messrs. Steel Brothers & Co., Ld., Rangoon.

With reference to the correspondence ending with your letter dated the 3rd January, 1921, on the subject of double taxation under the Super-tax Act, 1920, I am directed to say that the Government of India in dealing with your representation have remarked that it was possibly prompted by certain provisions in the English Law. They observe, however, that in England companies are at present subject to the Excess Profit Duties Act, and the absence of any such Act here

places companies in an altogether more favourable position in India than at home. This is also a result of the exemption limit at Home for Super-tax purposes being only £500 while in India it is Rs. 50,000. The Government of India further observe that sub-section (3) of Section 53 of the English Finance Act, 1920, in effect abolishes the separate exemption of the first portion of the profits of a subsidiary Company, the whole or a major portion of whose ordinary capital is subscribed for by a parent company.

2. Continuing, the Government of India note that apart from the above considerations there are various other distinctions between the English and Indian Laws. In India money paid as interest to debenture holders or mortgagees is not subject to income-tax. The English law also limits the amount payable as remuneration to Directors, etc., concerned in the management of the company, and in other ways augments the balance of profits liable to the tax.

3. The Government of India further remark that there are also general considerations for not acceding to your representation. Limited liability companies enjoy the advantages of corporate capital and defined liability. Any subsidiary company in which a parent company invests part of its capital also enjoys these advantages separately, and the Government of India consider, therefore, that it is not unreasonable that the subsidiary company as a separate entity enjoying these privileges should be taxed as such.

4. In the circumstances explained, the Government of India have intimated that they are not prepared to take up an amendment of the Act at this stage. They point out, however, that it is now open to persons interested in the subject to put forward a resolution on the subject in the Imperial Legislative Council where non-official members will in future have a majority.

Chamber of Commerce, Madras, 31st *March*, 1921.

TO THE SECRETARY, ASSOCIATED CHAMBERS OF COMMERCE OF INDIA AND CEYLON

Calcutta.

SIR,—I am directed to acknowledge the receipt of your letter, dated the 8th March, 1921, in regard to the Super-Tax Act, 1920, and to state that this Chamber has no particular views to offer, none of the members being interested in the specific point raised.

I am to add further that the Chamber is of opinion that in view of what the Government of India have stated already no advantage could be derived by addressing them on the subject.

I have, etc.,

H. E. H. SLADEN,

Secretary.

Associated Chambers of Commerce of India and Ceylon,

Calcutta, 23*rd April*, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,

Madras.

SIR,—Adverting to my letter No. 549-561 A. C., dated the 8th March, 1921, I am directed to say that the views of all the Chambers on the point raised by Burma have now been received.

They show, however, such a considerable difference of opinion on the question as to whether the Association should take action that the President does not propose to move in the matter.

I have, etc.,
H. M. HAYWOOD,
Secretary.

ALL INDIA INCOME-TAX COMMITTEE.

Revenue Department, Fort St. George, 7th April, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to inform you that the Government propose to constitute a Committee of officials and non-officials to consider amendments to the Indian Income-tax Act, 1918, and in particular the assessment of mercantile profits. The Committee will meet some time between the 11th and 18th April, 1921, and will examine witnesses. The exact time and place of the meeting will be intimated later. I am to request you to be so good as to nominate at a very early date witnesses for examination by the Committee.

I have, etc.,
H. G. STOKES,
Secretary to Government.

Revenue Department, Fort St. George, Madras, 9th April, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—In continuation of my letter No. 1263—C-21-1, dated 7th April, 1921, I am directed to state that the proposed Committee for considering amendments to the Income-tax Act will include representatives of mercantile communities, and that Government will be glad if your Chamber will nominate as soon as possible one of its members who is willing to serve on the Committee.

I have, etc.,
H. G. STOKES,
Secretary to Government.

Chamber of Commerce, Madras, 11th April, 1921.

TO THE SECRETARY TO GOVERNMENT,
Madras.

SIR,—In reply to your No. 1263, C-21—1, dated 7th instant (received after office hours on the 8th instant, the following two days being holidays) I have the honour to state that the Vice-Chairman, Mr. Wm. Alexander, M. L. C., and myself will appear as witnesses, if required.

I have, etc.,
JAS. F. SIMPSON,
Chairman.

Chamber of Commerce, Madras, 12th April, 1921.

TO THE SECRETARY TO GOVT., FINANCE DEPT.,
Madras.

SIR,—In reply to your No. 1263—C-21-4, Revenue, dated the 9th instant, received after despatch of my letter of yesterday, I have the honour to state that the Chamber has requested me to represent it on the proposed Committee, and I shall be happy to serve.

2. As regards witnesses, in substitution of my letter of yesterday, Mr. Wm. Alexander, Mr. Wm. Lamb, and Mr. H. M. Spencer, will be available if required.

I have, etc.,
JAS. F. SIMPSON,
Chairman.

Finance Department, Simla, 28th July, 1921.

TO ALL CHAMBERS OF COMMERCE.

SIR,—I am directed to forward, for the information of your Chamber, a copy of the Report of the All India Income-tax Committee (omitted) which recently assembled at Simla to make recommendations for the amendment of the Income-tax Act, 1918.

I have, etc.,
G. G. SIM,
Joint Secretary to the Government of India.

A BILL TO AMEND THE LAW RELATING TO INCOME-TAX AND SUPER-TAX.

Legislative Department, Simla, 29th September, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to forward herewith a copy of the Bill to amend the law relating to Income-tax and Super-tax with Statement of Objects and Reasons.

2. A tabular statement showing the difference between the provisions of the present Acts and the provisions of the Bill, and to request that you will favour the Government of India with an expression of the Chamber's opinion on the provisions of the Bill through the local Government.

I have, etc.,
H. MONCRIEF SMITH,
Secretary to the Government of India.

Finance (Separate Revenue) Department, Fort St. George, 22nd October, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to invite the attention of your Chamber to the Bill to amend the law relating to Income-tax and Super-tax published in the *Fort St. George Gazette* dated the 4th October, 1921, and to request that any observations which your Chamber desire to make may be forwarded to the Government of India through this Government before the 13th November, 1921.

I have, etc.,
A. SAVARINATHA PILLAI,
for *Secretary.*

Board of Revenue (Income-tax), Madras, 31st October, 1921.

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—As the Chief Commissioner is in Camp, I have been directed to tell you that Mr. G. G. Sim, Joint Secretary to the Government of India, Financial Department, will be in Madras from November 4th to 15th inclusive. He will be glad to see any members of your Chamber or any other gentlemen who may wish to discuss the provisions of the Income-tax Bill

which was recently introduced into the Legislative Assembly. If you wish to see him, you will kindly let me know. It is anticipated that he will be able to interview gentlemen at the Office of the Board of Revenue on any of the dates mentioned between 12 noon and 3-30 P.M., but it is necessary to fix the time for each interview in advance—subject of course to Mr. Sim's approval of the arrangements on arrival.

I have, etc.,
M. RAJARUTHNAM,
Manager.

Chamber of Commerce, Madras, 5th November, 1921.

TO THE JOINT SECRETARY TO GOVT. OF INDIA,
FINANCIAL DEPARTMENT,

care of the Board of Revenue (Income-tax),
Madras.

SIR,—With reference to the letter from the Board of Revenue (Income-tax), Madras, dated the 31st ultimo, informing the Chamber that you will be in Madras from the 4th—15th instant inclusive, and will be glad (subject to your approval on arrival) to see any members of the Chamber who may wish to discuss the provisions of the Income-tax Bill, I have the honour to inform you that a Sub-Committee of the Chamber has the matter at present under consideration, and I am directed to enquire if you would be good enough to receive a deputation consisting of three members of the Sub-Committee on Tuesday, the 8th instant, at 3 P.M., as they wish to have your opinion upon certain points in the Income-tax Bill.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Office of the Chief Commissioner of Income-tax,
Madras, 5th November, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—In reply to your letter of the 5th November, 1921, I have the honour to say that I shall be glad to see the members of your Sub-Committee on the date and at the time proposed, viz., Tuesday, the 8th, at 3 P.M.

I have, etc.,
G. G. SIM,
Joint Secretary to the Government of India.

Notes on the discussion between the Special Sub-Committee of the Chamber and Mr. Sim, with reference to the proposed new Indian Income-tax Act.

The Sub-Committee consisted of Messrs. Menzies, Ross and Buchanan. The President of the Chamber, Mr. Simpson, was also present.

The following were the items discussed :—

(1) *Clause* 4.—Receipt into British India of profits, etc., accruing outside British India.

(2) *Clauses* 10 and 12.—The correct definition of the word "Gains."

(3) *Clause* 24.—The assessment on each year's profits separately as opposed to the system in force, for some businesses, at Home of assessment on the average profit for three years.

(4) *Clause* 48.—The question of the refund of tax paid at Home being limited to one half of the Indian rate of tax.

No. 1.—Mr. Sim explained that the intention of the Act is to provide that profits accruing outside British India whenever earned should pay Indian Income-tax in the year in which they are received into British India.

The question was raised as to whether such profits, if received by a Bank or Firm resident in British India and passed on to a constituent outside British India, could be deemed, for purposes of this Act, to have been received in British India.

Mr. Sim's reply was in the negative.

No. 2.—The word "Gains" has been introduced in place of the word "Income." Profits and losses made other than in the ordinary course of business will be treated as at present under the existing Act, and may be omitted for Income-tax purposes.

No. 3.—Mr. Sim informed the Committee that the system in force at Home for certain businesses of assessment on the average profits of three years has not proved satisfactory and a movement is on foot to supersede it by Assessment on each year separately.

Mr. Sim pointed out that, assuming a stable rate of taxation, an individual drawing a salary would pay the same tax whether assessed yearly or on a three years' average.

A business, however, on the latter system, would, if a loss were made, pay no tax until such time as the loss had been made good. This would amount to preferential treatment in

favour of the capitalist as opposed to the private individual and is therefore deemed unfair.

It was suggested under the Annual Assessment that a firm making a loss in one year might carry forward this loss into the following year's working, but this Mr. Sim stated would not be allowed.

It is understood that the Bengal Chamber of Commerce are in favour of the introduction of the three years' average system, and the Sub-Committee suggests that the Madras Chamber should address the Bengal Chamber with a view to ascertain their considered opinion on this matter.

No. 4.—Considerable discussion took place on this subject, and the following explanation details the intention of the Act.

On the present rates of Indian and English taxation profits made in India, having paid a tax of the equivalent of 2*s.* 11*d.* per pound would, on transfer to England, be chargeable at the rate of 6*s.* per pound less the 2*s.* 11*d.* paid in India.

Under the English Act a refund of the Indian-tax is allowed provided such refund is not more than half the English rate of taxation, 2*s.* 11*d.* being less than half of 6*s.* the whole Indian tax is refunded.

Assuming for a moment that Indian tax rose to 4*s.* the English authorities would only refund 3*s.* (half of 6*s.*) and the assessee would then apply to the Indian authorities for the balance of 1*s.*

Profits transferred from England to India would be treated in the same way.

In view of the above discussion the Sub-Committee have no criticisms to offer on the proposed Act except in connexion with the question as to whether assessment should be on an average of three years' profits or on each year separately, and about which they suggest consultation with Bengal.

A. F. BUCHANAN.

Chamber of Commerce, Madras, 7th December, 1921.

To THE SECRETARY TO GOVERNMENT OF INDIA,
LEGISLATIVE DEPARTMENT,
Delhi.

SIR,—I have the honour to acknowledge the receipt of your letter No. 5584 A-C, dated the 29th September, 1921, requesting an expression of the Chamber's opinion on the provisions of

the Bill to amend the law relating to Income-tax and Super-tax and in reply I am directed to state that the Chamber having had the matter under consideration have no criticism to offer on the proposed Act except perhaps in connexion with the question as to whether assessment should be on an average of three years profits or on each year separately. This point has been deferred for further consideration and a further communication will be addressed to you thereon if decided necessary.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 7th December, 1921.

TO THE SECRETARY TO GOVERNMENT, FINANCE
(SEPARATE REVENUE) DEPARTMENT,
Madras.

SIR,—I have the honour to acknowledge the receipt of your letter No. 852-2 S. R., dated the 22nd October, 1921, and in reply I am directed to forward herewith a copy of a letter which the Chamber has addressed to the Government of India, on the Income-Tax Act.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 7th December, 1921.

TO THE SECRETARY, BENGAL CHAMBER OF COMMERCE,
Calcutta.

SIR,—The proposed Bill to amend the law relating to Income-tax and Super-tax having been under the consideration of the Chamber for reply to the Government of India, I am directed to request that you will favour the Chamber with an expression of your Chamber's views on the three years' average as against the single year assessment system at as early a date as possible.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Bengal Chamber of Commerce, Calcutta, 9th January, 1922,

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to refer to your letter, dated 7th December, with reference to the Income-Tax Act. The Committee regret that they could not reply to your enquiry earlier, but they

have only just completed their examination of the new Bill. They have embodied their views in a letter to the Government of Bengal, a copy of which I send you herewith (omitted).

2. In reply to your enquiry, I am to say that they prefer the single year's assessment to the three years average, on the understanding that their recommendation in regard to making provision for losses be given effect to.

I have, etc.,
H. M. HAYWOOD,
Secretary.

APPOINTMENT OF MR. A. R. L. TOTTENHAM, AS CHIEF COMMISSIONER OF INCOME-TAX.

Chamber of Commerce, Madras, 15th August, 1921.

TO THE CHIEF SECRETARY TO GOVERNMENT,
Madras.

SIR,—I have the honour to address you in regard to the appointment of Mr. A. R. L. Tottenham, I. C. S., as Acting Chief Commissioner of Income-tax, Madras.

As Collector of Income-tax, Madras, Mr. Tottenham, in the opinion of this Chamber, has carried out the work in a most praiseworthy and sympathetic manner characterised by the greatest fairness towards all with whom he came in contact.

The very arduous duties attached to the Office are so well known it is hardly necessary to refer to them here. The Chamber desires, however, to express full appreciation of the unfailing courtesy and consideration shown by Mr. Tottenham in the method of his treatment with respect to most difficult questions relating to Income-tax, arising from abnormal business conditions caused by the war.

For these reasons this Chamber welcomes the announcement of the appointment of Mr. Tottenham as Acting Chief Commissioner of Income-tax, and has every confidence in his ability to efficiently discharge the duties of that office.

I have, etc.,
W. ALEXANDER,
Vice-Chairman.

Public Department, Fort St. George, 5th September, 1921

TO THE CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

SIR,—Mr. A. R. L. Tottenham, I. C. S.—appointment as Acting Chief Commissioner of Income-tax, Madras. Your letter dated the 17th August, 1921.

I am directed to acknowledge receipt of your letter quoted above.

I have, etc.,
A. R. TOTTENHAM,
for *Chief Secretary.*

MUNICIPAL TAXATION.

GOVERNMENT OF MADRAS.

LOCAL SELF-GOVT. DEPT. (LOCAL AND MUNICIPAL).

G. O. No. 1796, L. & M., 12th September, 1921.

TAX ON COMPANIES.

ORDER—

The Government are advised that companies registered in the British Colonies or in foreign countries are not companies within the meaning of Section 3 (8) of the Madras District Municipalities Act, 1920, and are not liable to the tax on companies under Section 92 and Rule 16 of Schedule IV. They are however liable to the tax on Professions under Sections 93 and 95 and Rule 17 of Schedule IV; and under Rule 18 of the same schedule the tax can be levied even if they transact business in a Municipality through their agents, provided the principal office or place of employment is within the Municipality and their connexion therewith has lasted for 60 days in the half-year. If such a company carries on business in more that one Municipality the procedure laid down in Rule 18 of Schedule IV should be followed.

2. Companies coming within the definition in Section 3 (8) are liable to the tax on companies under Sections 92 and 95 and Rule 16 of Schedule IV, and if such a company transacts its business in a Municipality through a servant or agent, such servant or agent and not the company is liable to the companies tax under the explanation to Section 92. The amount of tax fixed in the proviso to Rule 16 of Schedule IV is leviable half-yearly.

3. The Government do not consider it necessary to define the terms "head office", "branch office", "principal office" and "gross income" occurring in the proviso to Rule 16 of Schedule IV

4. The Chairmen of Karur, Vizagapatam and Hospet, should deal with the individual cases mentioned in their letter read above, in accordance with the above instructions.

5. The Government have now under consideration the question of amending the law as to taxation of companies and pending such legislation the above instructions should be acted upon by Municipal Councils and Local Boards.

(By order of the Government, Ministry of Local Self-Government)

F. J. RICHARDS,
Secrtary to Government.

Chamber of Commerce, Bombay, 27th September, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to address you on the subject of the provisions of Section 110 of the Madras City Municipal Act, No. 4 of 1919, and more particularly the action which, my Committee understand, numerous smaller Municipalities throughout the Madras Presidency have taken in the same regard.

2. In the above connexion I am to state that it has been represented to my Committee by several Members of the Chamber who have agencies throughout the Madras Presidency that the incidence of the levy for which the aforesaid Section makes provision, while operating harshly in the case of branches or agencies located in Madras City itself, will become unduly burdensome if the lead of the Madras City Municipality is followed by every Municipality throughout the Presidency.

3. My Committee are aware that the matter was considered by your Committee in June last year and that they were then of the opinion that no useful purpose would be served by the submission of a protest to Government. It appears, however, that your Committee's deliberations were necessarily confined to the consideration of the question in its relation to the Madras City Municipal Act only, and that the adoption of similar measures by other Municipalities was not at that juncture contemplated. So long as the operation of the levy is confined to the Municipal limits of the Presidency town my Committee are in complete agreement with the view taken by your Chamber, but they consider that the extension of the system to outlying

areas raises an entirely new issue, and they will be grateful if they may receive the views of your Committee thereon at an early date.

4. In submitting the foregoing for your consideration I am to add that my Committee presume that the action of the smaller Municipalities is governed by a further amendment of the Madras Districts Municipalities Act, IV of 1884, upon the lines of the aforesaid Section 110 of the Madras City Municipal Act, in which case it is only reasonable to assume that the levy in question will become general throughout the Presidency if such is not already the case.

I have, etc.,
C. B. SAYER,
Secretary.

Chamber of Commerce, Madras, 12th October, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Bombay.

SIR,—I am directed to acknowledge the receipt of your letter, dated the 27th ultimo, in regard to the provisions of Section 110 of the Madras City Municipal Act No. 4 of 1919, which is for the present receiving the attention of the Committee of the Chamber.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 26th October, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Bombay.

SIR,—In continuation of my letter, dated the 12th instant, acknowledging your letter No. 1793/247 of 1921, dated the 27th September, 1921, on the subject of the provisions of Section 110 of the Madras City Municipal Act No. 4 of 1919, I am directed to enclose copies of the Madras City Municipal Act, 1919, and the Madras District Municipalities Act, 1920, and am to add that the administration of the Madras District Municipalities Act, 1920, has brought to light inequalities that seem to call for amendment. This matter is now occupying the attention of a Sub-Committee of the Chamber, the result of whose investigations will be passed on to you in due course.

I have, etc.,
H. E. H. SLADEN,
Secretary.

The Minutes of Proceedings at a Meeting of the Sub-Committee of the Chamber appointed to consider the Bill to amend the law relating to Income-tax and Super-tax; also the working of the Madras District Municipalities Act, 1920, held on Friday, the 4th November, 1921, at 5-30 P.M., at the Chamber Room.

Read a letter from the Board of Revenue, Income-tax, Madras, dated the 31st ultimo, advising the Chamber of the approaching visit of Mr. G. G. Sim, C.I.E., I.C.S., Joint Secretary to the Government of India, Finance Department, and that he would be glad to see any member of the Chamber who might wish to discuss the provisions of the Income-tax Bill.

The provisions of the Bill were then discussed and it was resolved that, prior to preparing a report to the Chamber in view of the above letter from the Board of Revenue, the Secretary should write to Mr. G. G. Sim with the request that he would receive a deputation of the Sub-Committee, consisting of Messrs. R. T. Menzies, T. M. Ross and A. F. Buchanan on Tuesday, the 8th instant, at 3 P.M., as the Sub-Committee would be glad of his opinion on certain points before coming to any decision.

Madras District Municipalities Act.—The working of this Act was discussed and it was thought that at present the interpretations put upon it by various Municipalities are most inequitable and are bearing most unjustly on many large firms having agents or connexions in the mofussil. Specific instances were cited.

It was pointed out that this Act being a "Self contained Act" admits of no appeal against assessment other than to the Municipal Council, the body which itself made that assessment, and it was suggested that in the interests of justice some Court or person of authority be appointed to consider and give impartial judgement on points of difficulty or divergencies of opinion which may arise through this Act.

G. O. No. 1796 L. and M., dated the 12th September, 1921 — From a perusal of this G. O., it was assumed that the intention of Government is not to allow Municipalities to tax British Companies direct and that had it been Government's intention to tax Companies *through* the Agent and/or Sub-Agent some wording to that effect would have been inserted in the G.O. under reference.

The G. O. definitely states that the Agent and/or Sub-Agent and not the Company is liable for Companies Tax under the explanation to Section 92, but does not state the basis upon which assessment should be made. Possible methods of assessment are as follows:—

(i) On the profits made by the Agent and/or Sub-Agent himself.

(ii) The Gross Income (turn over) made by the Agent and/or Sub-Agent.

(iii) The Capital of the Agent and/or Sub-Agent.

(iv) The Capital (of the Company) necessary to maintain business in the Municipality.

(v) The Profits derived by the Company from the Municipality.

(vi) The total paid up Capital of the Company.

(iv) (v) and (vi) Are inconsistent with taxation of the Agent and/or Sub-Agent.

(i) appears to be the method intended.

(ii) necessitates the definition of the phrase "Gross Income" and does not give the impression of being fair.

(iii) would prove a most difficult undertaking, owing to the fact that many Companies have no such figure available.

The Sub-Committee would point out that it is absolutely necessary that the phrase "Gross Income" and "Branch Office" be defined and would suggest that the latter phrase be entirely omitted from the Act as in G.O. No, 1796, paragraph I, and finally would request the Government be asked to state (*a*) how many taxations on one source of Income are legal, (*b*) whether the G.O. is retrospective, and (*c*) whether illegal assessments of the past should be refunded?

To sum up, a list of amendments or additions, which are in this Committee's opinion necessary to the smooth working of the Act, is appended, and the Committee suggests that the Chamber approaches Government on the subject.

MADRAS MUNICIPALITIES ACT NO. V 1920.

(i) That a Court of Appeal be appointed.

(ii) The omission or the definition of "Branch Office" in Schedule IV, Section 16.

(iii) That a ruling be given on the method of assessment of an Agent and/or Sub-Agent under G.O. No. 1796.

(iv) That a ruling be given as to the number of taxes which can be legally assessed on one source of income.

(v) That the terms or phrases "Branch Office" and "Gross Income" be defined.

(vi) That a ruling be given as to whether G.O. No. 1796 is retrospective, and whether assessments previously made should be amended and the moneys so collected refunded.

H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 7th December, 1921.

TO THE SECRETARY TO GOVERNMENT, LOCAL AND MUNICIPAL DEPARTMENT,
Madras.

SIR,—I have the honour to address you on the subject of the working of the Madras District Municipalities Act, 1920, which has lately been under consideration by the Committee.

The attention of the Chamber had been drawn to the fact that the interpretations put upon the Act by various Municipalities are most inequitable and are bearing most unjustly on many large firms having agents or connexions in the mofussil. It was pointed out that this Act being a "Self-contained Act" admitted of no appeal against assessment other than to the Municipal Council the body which itself made that assessment, and it is suggested that, in the interests of justice, some Court or persons of authority be appointed to consider and give impartial judgement on points of difficulty or divergences of opinion which may arise through this Act.

The Chamber having considered the various Sections of the Act in all their bearings, I am directed to urge the attention of the Government to the following list of amendments and additions which are in the Chamber's opinion necessary to the smooth working of the Act:—

1. That a Court of Appeal be appointed.

2. The omission or the definition of "Branch Office" in Schedule IV Section 16.

3. That a ruling be given on the method of assessment of an Agent and/or sub-Agent under G. O. 1796.

4. That a ruling be given as to the number of taxes which can be legally assessed on one source of income.

5. That the terms or phrases "Branch Office" and "Gross Income" be defined.

6. That a ruling be given as to whether G.O. 1796 is retrospective and whether assessments previously made should be amended and the moneys so collected refunded.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 7th December, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Bombay.

SIR,—In continuation of my letter of the 26th October, 1921, I am directed to forward herewith a copy of a letter which the Chamber has addressed to the Government of Madras on the working of the Madras District Municipalities Act, 1920.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Local Self-Government Department, Fort St. George,
14th December, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to acknowledge the receipt of your letter, dated 7th December, 1921, suggesting certain amendments to the provisions relating to the Company's tax in the Madras District Municipalities Act, 1920.

I have, etc.,
I. K. ARUNACHALA IYER.
for *Acting Secretary to Government.*

Chamber of Commerce, Madras, 3rd January, 1922.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Bombay.

SIR,—With reference to your letter of the 12th December, 1921, I beg to enclose herewith a copy of the G. O. 1796 referred to in this Chamber's letter to the Madras Government.

I have, etc.,
H. E. H. SLADEN,
Secretary.

REMOVAL OF THE EXPORT DUTY ON RAW SKINS AND HIDES.

Chamber of Commerce, Bombay, 25th July, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—My Committee have received a communication from the Calcutta Hides and Skins Shippers' Association with regard to the proposed repeal of the export duty on hides and skins, and they see from the correspondence that the Karachi and Burma Chambers support the proposal. They will be glad to know what the attitude of your Chamber is in regard to this question, that is, whether your Chamber is also in favour of its removal.

I have, etc.,
C. B. SAYER,
Secretary.

Chamber of Commerce, Madras, 15th August, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Bombay.

SIR,—I am directed to acknowledge the receipt of your letter No. 1448/186, of the 25th ultimo, in regard to the proposed repeal of the export duty on hides and skins and to state that the subject is receiving the attention of the Chamber.

I am to request that you will kindly forward the Chamber a copy of the communication you have received from the Calcutta Hides and Skins Shippers' on the above subject for the information of Members.

I have, etc.,
O. P. CHETTY,
for *Secretary.*

Chamber of Commerce, Bombay, 17th August, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—As requested in your letter of the 13th instant, I am enclosing herewith a copy of the communication received from the Calcutta Hides and Skins Shippers' Association in regard to the proposed repeal of the export duty on hides and skins.

I have, etc.,
C. B. SAYER,
Secretary.

[ENCLOSURES.]

Calcutta Hides and Skins Shippers' Association, Calcutta, 9th July, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Bombay.

SIR,—The Committee of this Association understand from Mr. E. L. Price, M.L.A., that your Chamber is opposed to the removal of this duty, on the ground that it has not been given a sufficiently long trial.

2. This decision on the part of your Chamber has been noted with considerable regret by the exporters of raw hides and skins here; and I am to forward, for your information a copy of the various representations that have been made by this Association, during the past eighteen months to the Government of India on the subject. These papers will, the Committee think, make clear the fact that the duty is hampering the trade, and that it ought to be removed. I am to express a hope that your Committee will be disposed, after reading these papers and further examining the question, to reconsider their decision in regard to it.

I have, etc.,
(Sd.) H. M. HAYWOOD,
Secretary.

The Export Duty on Hides and Skins.

MEMO :—The following correspondence includes the principal representations that have been made by the Calcutta Hides and Skins Shippers' Association to the Government of India, from the beginning of last year :—

Letter No. 20-H.S., dated Calcutta, the 17th February, 1920, from the Association, to the Government of India, Department of Commerce and Industry.

I am directed to refer to the Association's letter No. 53-H.S., dated 16th September, 1919, protesting against the imposition of an export duty on hides and skins.

2. I am now to inform you that at the annual general meeting of the Association, which was held on the 6th February, 1920, and at which the export trade in hides and skins was fully represented, the following resolution was adopted :—

"That in the opinion of the Calcutta Hides and Skins Shippers' Association, the export duty has had a most detrimental effect on the trade in cow and buffalo hides. It has been imposed at an altogether inopportune time, for added, as it is to the high rate of exchange which now prevails, and which is likely to prevail for a long period, it has brought business practically to a standstill, in fact it so greatly restricts the export of the inferior classes of hides that large quantities of of these classes, which cannot be shipped, will become absolutely worthless. In these circumstances the Association strongly urges upon the Government of India the necessity for the immediate removal of the duty which, without benefiting the Indian tanner, is unquestionably ruining the export trade in hides."

3. In their letter to which I have referred the Committee of the Association pointed out that India is only one of a number of countries producing hides and skins : and that consequently the Indian producer would either have to pay the duty himself, or be placed on unequal terms with his competitors. This has proved to be in the result an entirely correct forecast. For at the present moment the inferior grades of Indian hides are, as is stated in the resolution, unsaleable, and large quantities of these grades will, it is feared, become valueless.

4. The members of the Association are quite in sympathy with any movement that will tend to promote the tanning of Indian hides within the British Empire. But the point is that the British tanners cannot take more than a fraction of India's production of hides. The inferior grades are not wanted to any great extent by either the British or the Indian tanners; and the export duty is a direct hindrance in the way of the shipment of these grades to the countries where they are wanted. It is for this reason that the Association protests so strongly against the continuance of the duty. For, on the one hand, it is obviously not helping the Empire tanning industry, while on the other it is putting an end to a large and valuable trade.

5. The Association recognises of course that the present position of exchange is against the export of hides, as it is against the export of all Indian commodities. But the existence of such a handicap on the trade is of itself an additional reason for removing the duty. Exchange and the high cost of labour in the consuming countries are obstacles that cannot be overcome at the moment. But the export duty is an unnecessary obstacle, that is capable of removal; and the Association strongly urges that it should be withdrawn at the earliest moment.

6. In conclusion, I am to express the hope of the members of the Association that their views, as expressed in this letter and in the resolution, will receive the sympathetic consideration of the Government of India.

Letter No. 1648-D, dated Delhi, the 24th February, 1920, from the Government of India, Department of Commerce and Industry, to the Association.

With reference to your letter No. 20-H.S., dated the 17th February, 1920, I am directed to say that the Government of India regret that they are unable to accept the suggestion made by your Association that the export duty on raw hides should be removed immediately. As the shipments of raw hides during the months of September to December 1919 were larger than in the corresponding periods of the previous seven years, the Government of India do not see any justification for the assertion that the duty is ruining the export trade in raw hides.

Letter No. 70-H.S., dated 29th April, 1920, from the Association, to the Government of India, Department of Commerce.

I am directed to refer to your letter No. 1648-D, dated 24th February, 1920, on the subject of the export duty on Indian raw hides and skins.

2. You state that the Government of India are not prepared to accept the suggestion made by this Association, namely, that the duty should be removed immediately. And you point out that during the months of September to December 1919, the shipments of raw hides were heavier than in the corresponding periods of the previous seven years. This being so, you state that the Government of India see no justification for the assertion that the duty is ruining the export trade in raw hides.

3. The official statistics of the exports of hides and skins are accessible to the public, and those for the period in question were known to the Committee when they addressed you on the 17th February last. The fact that the exports were heavy between September and December does not in any way affect their contention. They assumed that your department was more familiar with the position than it appears to have been; and they did not, therefore, think it to be necessary to go into statistical details. But the point is that an unduly large proportion of the shipments of hides from Calcutta have been since the imposition of the duty, and still are, unsold consignments.

4. In order to make clear to the Government he small proportion actually sold, duty paid, the Committee have obtained the particulars given below from the following sixteen of the principal Calcutta firms of hides shippers, namely, Messrs. Grace Brothers (India), Ltd., Messrs. Bird and Co., Messrs. Allen Brothers and Co. (India), Ltd., Messrs. Burk Brothers, Messrs. David Sassoon and Co., Ltd., Messrs. Graham and Co., Messrs. M. M. Ispahani and Sons, Messrs. Charles Booth and Co. (Calcutta), Ltd., Messrs. A. Forbes and Co., Ltd., Messrs. Gladstone, Wyllie and Co., Messrs. Anderson, Wright and Co., Messrs M. Arakie and Co., Messrs. Hafiz Md. Halim and Co., Messrs. C. J. Mathews and Co., Messrs. Mitsui Bussan Kaisha, Ltd., and Messrs. Enrico N. Stein.

COW HIDES.

	11th Sept. to 31st Dec. 1919.	Jan. & Feb. 1920.
Total number of pieces shipped	1,659,734	591,619
Number of these actually sold (duty paid) to 16th March	570,940	300,558

BUFFALO HIDES.

Total number of pieces shipped	162,004	62,997
Number of these actually sold (duty paid) to 16th March	33,262	45,032

5. With this analysis of the shipments before them the Government of India will, the Committee feel sure, agree that the position is too serious to be disposed of by a mere passing reference to the extent of the export. The Committee are still of the opinion that, in the existing economic situation, the export duty is tending to the ruin of the export trade in raw hides. And they have instructed me to set out briefly the principal considerations which have led them to this conclusion. Before doing so, however, I am to remark that the members of this Association are only middlemen. They pay no part of the duty, which has to be borne entirely by the Indian cattle owner. Their business is the buying and the exporting of hides and skins. They have no objection to export duties as such; and their sole reason for intervening in the matter of the duty on hides and skins is that it is, in their opinion, tending to the ruin of their business, at least so far as hides are concerned. When the Association was originally formed there was a feeling, to which expression was given, that an export duty should be imposed. But at present, although the membership has greatly increased, and no members have left the Association, one member only is now in favour of the duty. This fact alone shows that the trade must be suffering.

6. Prior to the war only a very small portion of the exports of raw cow hides and raw buffalo hides went to countries within the British Empire. The largest buyer of kips was Germany, and the largest buyers of buffalo hides were the United States and Austria. The export duty was imposed, it is understood, to promote the tanning of Indian hides in the United Kingdom, in other parts of the British Empire, and also in India. The members of this Association entirely approve of these objects, but the position of the hides trade at the moment does not suggest that they are being realised to any appreciable extent. The supply of hides in India is greatly in excess of the demand. In fact rupee prices are well below pre-war level, and even so the hides are remaining unsold in huge quantities. Both cow hides (Dacca and Commons for example) and buffalo hides may be safely said to be as much as 10 to 20 per cent. below the pre-war rupee price level. In fact sales can only be effected, in many instances, at less than the cost of collection.

7. Such is the position as regards the rupee prices. But by reason of an adverse exchange, high cost of transport and of labour in consuming countries, and—as the Association contends—the export duty, the prices of Indian hides abroad are far too high. The bulk of the Indian production consists of the inferior grades of hides; and these can only be sold at low prices. The Indian demand is not likely to extend greatly; and at the moment the supply is far in excess of the combined requirements of British Empire and Indian tanners. The German and Austrian markets have been lost; and buyers in other countries

will not pay prices 10 per cent. at least higher than those at which their competitors in British possessions can buy. It follows that foreign buyers are purchasing from other countries. They are being driven away from Indian hides which cannot find a market anywhere.

8. The attitude of the members of this Association is that it is not right for the Government of India to do anything to bring about, or to accentuate, a state of affairs such as this. Exchange and the heavily enhanced cost of labour and transport in consuming countries are, as I have said, operating against Indian hides. But neither the Government, nor the trade, can remove either of these adverse influences. The export duty—which is another influence operating in the same direction—is, however, capable of removal; and the case against its continuance is undoubtedly worthy of the attentive consideration of the Government. There can be no valid reason why the Government should not facilitate the exportation of the surplus of India's production of hides. The wants of the British, and the Indian, tanner are more than satisfied; and it cannot be in the general interest of the country that any action on the part of the Government should tend to hamper the distribution of the balance. As matters stand the producer of hides in India is receiving less for his product, while the prices of commodities generally are rising. In this connexion I am to suggest that the Government of India should elicit opinions from the Indian hide merchants in the principal centres throughout the country on the subject.

9. I have already mentioned that the members of the Association, a number of whom formerly favoured the duty, are now almost unanimously opposed to it. The Committee observe with interest that opposition is also developing elsewhere; and in illustration of this they instruct me to quote, for the information of Government, the following Resolution which was adopted recently by the Leather Trade Section of the London Chamber of Commerce :—

"That in the opinion of this meeting of the Leather Trade Section of the London Chamber of Commerce, the Bill introduced by the Council of the Viceroy of India imposing an export duty on hides and skins from India (although with a rebate of two-thirds duty to Empire countries if the skins are tanned there) is very detrimental to the interests of the trade in Great Britain, and this meeting strongly protests as a matter of principle against its being imposed, and urges that no similar duties be sanctioned by the Secretary of State at any time without consideration of the views of the business communities in India and the United Kingdom."

10. In conclusion, I am to express the hope of the members of the Association that the Government of India will attentively consider this representation, and will re-examine the question of the duty with a view to its abrogation.

Letter No. 1856, dated 7th May, 1920, from the Government of India, Department of Commerce, to the Association.

I am directed to acknowledge the receipt of your letter No. 70-H. S., dated the 29th April, 1920. A reply will follow.

Letter No. 157-H. S., dated 10th December, 1920, from the Association, to the Government of India, Department of Commerce.

I am directed to refer to the previous correspondence, resting with your No. 1856, dated 7th May, 1920, on the subject of the export duty on hides and skins.

2. Your letter was an acknowledgement of a representation which was made by this Association,f to your Department, on the 29th April, 1920. The views of the Government o India on the proposal which was put forward by the

Association, namely, that the export duty on hides should be withdrawn, have not been so far communicated. The Committee of the Association understand, however, that the question is engaging the close attention of the Government. They also observe, from your Department's notifications, Nos. 5212 and 5213, dated 14th August last, that the tariff values stated in column 4 of the export schedule have been reduced. But while they welcome this reduction, they do not regard it as being in any way a satisfactory substitute for their proposal that the duty should be withdrawn.

3. When my letter was written seven months ago the position of the export trade in raw hides was bad, but the Committee have no hesitation in affirming that to-day it is distinctly worse. No complaint was being made in April in respect of skins, which were selling at good prices, and the Committee confined their representation to hides. But at the present time the market for skins is seriously depressed. There has been a heavy fall in prices, and the Committee maintain that, in the existing situation, the duty is a distinct hindrance to the trade. India has no monopoly of goatskins ; and the duty even on the basis of the reduced tariff valuations works out to the following percentages on current prices :—

18¾	per	cent.	on	1st	Grade	Goats	(approx.	market	rate	160)
25	,,	,,	,,	2nd	,,	,,	(,,	,,	,,	120)
60	,,	,,	,,	3rd	,,	,,	(,,	,,	,,	50)
150	,,	,,	,,	4th	,,	,,	(,,	,,	,,	20)

and 25-30 per cent. on average values of present stocks and supplies.

4. With reference to hides, the Committee would again emphasise the fact that the highest grades constitute only a small proportion of the Indian production. The bulk consists of the lower and lowest grades which are, and have always been, difficult to market except at very low prices. The English tanner considers that only the best qualities are worth the present high cost of labour. The Indian tanner is in such a position that he cannot take up the surplus production. And the continental nations who formerly bought the low qualities are not now in a position to buy freely. The situation as regards hides has thus become decidedly worse, and it has been, and is being, accentuated by the large carry-over of hides from last season.

5. It cannot be reasonably urged that in existing circumstances the duty is required to effect the purpose for which it was imposed, namely, the protection of the Indian tanning industry. Nor is it right, even for the protection of an industry, that the State should take such action as is calculated to depress the prices received by the cultivator and the cattle owner for his production. Without the duty these prices would now be very low ; and with it they are so diminished as to offer no encouragement to the collection and marketing of the lower and lowest grades. Then again it must not be overlooked that the duty is levied at the same rate on all grades whether high, medium, or low ; and this inequality is, of course, a very heavy handicap on the lower and lowest grades.

6. The Committee have never contended, and they do not wish to suggest now that all the evils from which the export trade in raw hides and skins is suffering can be remedied by the withdrawal of the duty. But their contention is, as they have repeatedly pointed out, that the duty is an evil which can be, and which ought to be, remedied. They do not claim that its withdrawal would bring about a great revival of the export trade ; but they believe that there would be a marked improvement if it were withdrawn. For they know from actual cases within their own experience that the difference in price which is created by the existence of the duty does have the effect of stopping business.

7. There is no need for the Committee to emphasise the present unsatisfactory position of the Indian export trade generally, for they know, of course, that it is fully realised by, and is indeed a matter of the gravest anxiety to, the Government of India. But they do not understand how, in these circumstances, it is possible to justify the continued taxation of exported hides and skins. If it could be shown that the duty were benefiting any branch of trade there might

be some justification for its continuance. But it is obviously of no advantage now to any trade or industry; and it is not imposed for revenue purposes. This being the position the Committee have no hesitation in again urging their previous proposal, namely, that the duty should be abrogated without further delay. If the Government are not, however, prepared to repeal it altogether, the Committee would propose its immediate suspension for a fixed period of two or three years.

Letter No. 8933, dated 20th December, 1920, from the Government of India, Department of Commerce, to the Association.

I am directed to acknowledge the receipt of your letter No. 157-H. S., dated the 10th December, 1920. A reply will follow.

Letter dated 19th May, 1920, from the Secretary, Burma Chamber of Commerce, Rangoon, to the Secretary to the Government of Burma, Maymyo.

I am directed to say that this Chamber strongly supports the memorial of Messrs. Fabricius and Co., Ltd., Rangoon, praying for the re-examination of the effects of the export duty on hides on the export trade of Burma. According to the information before the Chamber, it is not merely the hides shippers who are suffering on account of the loss of their trade, which seems to be passing into the hands of foreign competitors, but also the large class of inland traders, who in many of the towns and villages of Burma, directly or indirectly, gained a livelihood by keeping the Rangoon shippers supplied with hides for export. It certainly seems that, so far as the Burma hide trade is concerned, the export duty is working more harm than good; and, if this be so, this Chamber will be glad if the local Government will move the Government of India to have the export duty on Burma hides reconsidered.

Extract from the proceedings of a meeting of the Committee of the Karachi Chamber of Commerce, held on the 30th June, 1920.

* * * * *

Read as follows report of the Sub-Committee appointed under the Committee's Resolution No. 131 of 1st June, 1920:—

1. On the introduction of the Bill in the Imperial Council in September, 1919, the Hon'ble Member for Commerce and Industry explained that the object of the Bill was to protect the Indian tanneries started during the war, and for such hides and skins as they did not require to make certain they were tanned as far as possible within the Empire.

As to this we have to observe—

(*a*) The Indian tanneries do not seem to have benefited as expected.

(*b*) The preference of 10 per cent. so far from helping Empire trade has proved a hindrance. The British trade is largely entrepot. The merchants concerned buy freely Plate, China, African and other sorts and can re-sell and re-ship them freely to the best buying markets, and only in the case of Indian sorts they are under Customs liability. This causes them to give an actual preference to "free" (*i.e.*, non-Indian) sorts. So far, therefore, from the so-called "Preference" having helped Empire trade it stands in the way.

(*c*) The duty has fallen upon the producer, *i.e.*, the cultivator and herdsman, and the confusion caused by the export duty has probably cost them far more than the Customs have collected.

2. The Hon'ble Member also laid great stress on the world demand for Indian hides and skins. These observations were, of course, based on pre-war conditions and we have to put forward the following points:—

(*a*) The world demand is only for the highest grades, which in India form a small proportion of the whole. The lower grades are and always have been difficult to market.

(*b*) The demand for Indian hides and skins is affected by several changes resulting from the war, viz.:—

(i) The use of substitutes for leather ;

(ii) The diminished purchasing power, not only of enemy, but of Allied countries as shown by their exchange ;

(iii) The unwillingness of English tanners to handle the average Indian hide and/or skin. They consider only the highest grades of Indian sorts worth the present high cost of labour.

3. The Hon'ble Member also observed :—

"It is common knowledge that before the war the Indian Hides Trade was monopolised by the Germans." That was true only for Calcutta, utterly untrue of the Karachi trade, and it is impossible that the Germans should recover their monopoly at Calcutta having lost their shipping. The Germans had no monopoly of the skins trade anywhere.

4. We have already mentioned in 2 (*a*) and (*b*) III the difficulty there is in marketing the lower grades. Yet under the system adopted, these goods pay the same export duty as the higher grades, thus adding to the natural difficulties of the case.

5. The collection of duty is a cumbersome affair involving much extra clerical work, and is a genuine obstacle to business when prompt or immediate shipment is required. The bonds required for shipments to British ports are even more troublesome.

6. The idea of the duty as per 1 is to protect Indian industry. Great labour is expended on the fleshing, stretching and preparation of "framed" hides. The essential difference between an ordinary and a framed hide lies in this labour. The higher export duty on the "framed" hide is, therefore, a tax on the labour expended. It is, in fact, a higher tax on a partly manufactured article. But if an export duty is leviable, we admit a higher schedule value for framed hides is unavoidable.

7. India has no monopoly in the supply of goat and sheep skins. Under the duty it is an undoubted fact that she is finding greater difficulty to market her surplus production.

8. The bazaar price for hides and skins necessarily has to cover the cost of their collection and transport. At the present prices ruling for the lower grades of hides and skins there is no incentive for the country folk to collect and market these. The result is a distinct economic loss.

9. The actual amount of duty payable depends on the schedule value. The duty on goat skins on the current depressed market works at 25 per cent. on the value of the highest grades and much higher on the lower and lighter grades. At the same time, it would add to shippers difficulties to be frequently changing the schedule values. The system of levying duty on skins per piece and on hides per lb. is also unsatisfactory.

10. If the object of the export duty is to support Indian tanneries, it can only be by reducing to them the cost of their raw material.

In the same way export duties on other agricultural products would support the related industries.

An export duty on raw cotton would make that commodity cheaper to India spinning and weaving mills, on wool would benefit woollen mills, on wheat as such (with flour free) would benefit Indian flour mills, on oil-seed (with oil and cake free) would benefit oil crushers, and so forth, but in every case the benefits to the industries would be at the expense of the producers, the cultivators.

It is quite evident that any such general scheme would benefit the industries only temporarily and in the long run prove detrimental, for the cultivators would always be on the look out for producing that on which they were most likely to earn the world price clear of export duty, and be most unwilling to produce solely for Indian industrialists.

And Indian industrialists under such protection might very easily form a pool or consortium, and so take greater advantage of the cultivators by buying produce only on their own terms. The protection and security of the cultivator lies only in this, that he has the world market to sell in, a market too big to combine against him, and his security is lessened by every factor (export duties, uncertain exchanges, high freights) that cut him off from the world market.

The export duties in the case of Indian hides and skins are 15 per cent. preferential for Indian tanners, 10 per cent. preferential for tanners within the Empire, and are supposed to put all other tanners at an equivalent disadvantage.

The British Empire is very large and has escaped envy, except from Germany, owing to the way in which all nations at peace therewith were given opportunity to buy their requirements therein on equal terms. If the Empire begins a policy of withdrawing those equal terms not only will envy develop, sowing the seeds of future wars, but retaliation at once becomes possible and justified. If the Empire or any part of it puts an export duty on a raw commodity largely bought by the U.S.A., why should not the U.S.A. put an export duty on raw commodities largely bought by the Empire, cotton and wheat? This becomes the more feasible when the world shortage of wheat and cotton are considered. The only objections would be those raised by the planters and farmers who would thus be a tanto cut off from world markets.

But there is no need to state possibilities. The example set by India has already found imitators, Nayassaland proposes an export duty on raw cotton and the Argentine is imposing export duties on grains. This way lies disaster and India gave the lead.

Quite apart from any other consideration and on principle, therefore, we think India at once ought to retire from an untenable position and cancel the duties forthwith.

The report is unanimous.

156. Resolution.—The Committee concur with the recommendations of the Sub-Committee that export duties on hides and skins should be abolished. The Government of India to be addressed accordingly.

No. 77-H. S., dated Calcutta, the 7th May, 1921, from the Calcutta Hides and Skins Shippers' Association, to the Government of India, Department of Commerce.

I am directed to acknowledge the receipt of your letter No. 3284, dated 25th April, 1921, with reference to the export duty on hides and skins.

2. It is to the members of the Association a matter of much regret that the Government of India were unable to see their way to propose to the Legislative Assembly that the duty should be repealed. They, of course, recognise that, as you suggest, the Fiscal Commission will afford them an opportunity of again raising the question. But even if they can convince the Commission that the duty should be withdrawn, and the Government accept the finding of the Commission, it will be a very long time before the necessary legislative

action can be taken. Meanwhile, the position of the trade is steadily going from bad to worse. Indeed it may be safely affirmed that, so far as hides are concerned, the trade has never been in so grave a state as it is to-day. And it is feared that before the duty is abolished most of the firms of allied nationality who are now in the hides business will have been forced to withdraw from it. For not only have they to contend against the difficulties created by the duty, but as you will have observed from my No. 71-H S., dated 7th May, determined efforts are now being made by German manufacturers, to re-establish their pre-war control of shipments from Calcutta to Germany.

3. In connexion with the debate in the Legislative Assembly I am to invite attention to the following remark which was made by Mr. C. A. Innes:—"I should in the first place," he said, "like to remind the house that when we introduced the export duty on hides and skins last year we did it with the trade behind us—in fact at the instance of trade."

Mr. E. L. Price : "What trade, Sir."

Mr. Innes: The Hides and Skins Shippers' Association as the Association was then constituted, was in favour of an export duty." The members of this Association gladly acknowledge the sympathetic manner in which Mr. Innes referred to the case for the withdrawal of the duty; and they hesitate to criticise his statements. But they feel that they ought to make it clear that the particular statement which I have quoted is not strictly accurate. The facts are, briefly, that in a letter, dated 14th January, 1919, the Association, as it was then constituted, urged the Government of India to impose an export duty. But when in August of that year, the proposal was actually under consideration by Government, a large majority of the members of the Association as it was then constituted—its membership having been materially enlarged in the meantime—objected strongly and telegraphed a vigorous protest to the Department of Commerce. The list of members in January and in August, 1919, was as follows:

January.—Messrs. Graham and Co., Messrs. Gradstone, Messrs. Wyllie and Co., Messrs. Walker and Co., Messrs. David Sassoon and Co., Ltd., Messrs. M. Arakie and Co., Messrs. M. M. Ispahani and Sons, Messrs. Bird and Co., Messrs. A. H. Wheeler and Co., Messrs. Allen Brothers and Co., (India), Ltd.

August.—Messrs. A. Forbes and Co., Messrs. Charles Booth and Co., Calcutta, Ltd., Messrs. Enrico N. Stein, Messrs. C. J. Mathews and Co, Messrs. Burke Brothers, Mr. Hafiz Mahomed Halim, Messrs. Mogi and Co., Messrs. Mitsui Bussan Kaisha, Ltd., Mr. K. L. Mohamad, Messrs. Grace Brothers (India), Ltd., Messrs. Grandage Moir and Co., Ltd.

4. As I have indicated the Association refers to the point now not with the object of criticising, but merely to place on record the fact that, as soon as it became a body fully representative of the trade, it took up an attitude strongly antagonistic to the imposition of a duty. That attitude which was defined clearly to the Government of India at the time, it has ever since maintained. And those few shippers who supported the duty in January, 1919, and who were in the minority in August of that year, are now firmly convinced that the duty ought to be removed.

Letter, dated Karachi, 23rd May, 1921, from Punjab and Sind Shippers, to the Government of India, Department of Commerce and Industry, Simla.

We the undersigned dealers and shippers of Hides and Skins, working in Sind and the Punjab, have the honour to say that we desire to record our support of the Calcutta Hides and Skins Shippers' Association.

We wholly endorse the terms of the Calcutta letter, No. 77-H. S., dated the 7th May, 1921.

We also desire to record that the speeches of Mr. E. L. Price, M. L. A. and Mr. Chowdri Shah-a-buddin, M.L.A. made in the Assembly on the 18th March last accurately represent the feelings of Sind and the Punjab on the necessity of cancelling the Export Duty at the earliest possible moment.

Letter No. 21 E-11, dated Karachi, 15th June, 1921, from the Karachi Chamber of Commerce, to the Government of India, Department of Commerce, Simla.

I am directed by my Committee to address you on the above subject, and to state that this Chamber desires strongly to support the representation of the Calcutta Hides and Skins Shippers' Association, made to you on the 7th May, 1921, for the abolition of the export duty on hides and skins.

CALCUTTA, 13th July, 1921.

Chamber of Commerce, Karachi, 29th August, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I enclose herewith for the information of your Committee a copy of a Resolution which this Chamber proposes to move at the next Annual General Meeting of the Associated Chambers of Commerce of India and Ceylon.

My Committee trust that your Chamber will be able to see their way to support the resolution.

I have, etc.,
ALAN DUGUID,
Secretary.

[ENCLOSURE.]

The Karachi Chamber of Commerce.

Draft Resolution submitted by the Karachi Chamber of Commerce to the Associated Chambers of Commerce of India and Ceylon, for consideration at the next Annual General Meeting in January, 1922.

RESOLUTION.

That in the opinion of this Association (the Associated Chambers of Commerce of India and Ceylon), the export duty on hides and skins should be immediately removed on the grounds that :—

(1) it has proved useless for the purposes for which it was imposed ;

(2) it is economically unsound ;

(3) it has caused undeserved loss and suffering to all concerned, and particularly to those working in a small way in the trade in the villages throughout India.

Chamber of Commerce, Madras, 31st August, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Bombay.

SIR,—I am directed to acknowledge the receipt of your letter No. 1448-186, dated the 25th July, 1921, and No. 1590-186, dated the 17th instant, with enclosures in regard to the export duty on skins and hides.

In reply I am to state that the question was considered at the General Monthly Meeting of the Chamber held on the 30th instant when the following Resolution was passed :—

" Resolved to inform the Bombay Chamber of Commerce that the Madras Chamber is against the removal of the export duty on skins and hides and sees no reason to alter its decision of a year ago when it addressed the Government of India strongly urging that Government should declare its intentions to continue the levy of the export duty for at least for some years to come."

Further, I am to add that a special letter is being prepared fully explaining our views in the matter which will follow at an early date.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 8th September, 1921.

TO THE SECRETARY, GOVERNMENT OF INDIA, DEPT. OF COMMERCE,
Delhi.

SIR,—I have the honour to forward herewith copies of communications addressed by this Chamber to the Bombay Chamber of Commerce in regard to a proposal to remove the export duty on skins and hides.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 9th September, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Karachi.

SIR,—I beg to acknowledge the receipt of your letter No. 21 E133, dated the 29th ultimo, forwarding a copy of a Resolution which you propose to move at the next annual meeting of the Associated Chambers of Commerce of India and Ceylon, to be held in January, 1922, in regard to the removal of the export duty on skins and hides.

In reply I am directed to forward copies of communications addressed by this Chamber to the Bombay Chamber of Commerce on the above question from which you will see that this Chamber far from being able to support your Resolution will most strongly oppose it.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 9th September, 1921.

TO THE SECY., BENGAL CHAMBER OF COMMERCE,
AND THE SECY., ASSOCIATED CHAMBERS OF COMMERCE
OF INDIA AND CEYLON,
Calcutta.

SIR,—I am directed to forward herewith copies of communications addressed by this Chamber to the Bombay Chamber of Commerce in regard to a proposal to remove the export duty on skins and hides for your information.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 9th September, 1921,

TO THE SECRETARY, CHAMBER OF COMMERCE,
Bombay.

SIR,—In reference to my letter, dated the 31st August, regarding the export duty on skins and hides, I am directed to place before you the views of this Chamber which led to the adoption of the Resolution passed on the 30th August.

1. The Memorandum of the Calcutta Hides and Skins Association appears to this Chamber to be full of special pleading and to ignore almost entirely the legitimate claims of tanners in India.

2. The Calcutta Hides and Skins Association has dwelt with great emphasis on the position of the raw hide export trade, and they claim that there would be a marked improvement if the export duty were withdrawn.

3. This Chamber is of the opinion that the bad position of the raw skin and hide trade has been entirely due to the world-wide slump in hides and leather, and that the export duty, in itself, has had practically nothing to do with the stagnation of the hides and skins export trade from India.

4. The fact is the large accumulation of tanned hides in the hands of Government prevented British tanners taking any risks in the matter of tanning raw hides, while the heavy stocks of raw hides accumulated by Calcutta shippers and shipped unsold to Europe, tended to further accentuate the slump in trade due to adverse exchange, labour troubles, etc.

5. As regards raw skins the same conditions applied up to the beginning of this year, by which time the accumulation of tanned skins had largely been absorbed and the export trade in raw skins revived, in spite of the duty. It will be observed that the Calcutta Association in December last made the claim that the export duty on raw skins was checking business. They do not put forward that same claim to-day because the demand from foreign countries for raw skins developed very rapidly during the early months of this year and the export has been considerable, proving that when conditions of trade are suitable the export duty has little or no effect on the demand.

6. The raw hide trade has taken longer to recover from the trade depression, but there is no doubt that the situation is improving, and the demand has increased considerably in the last few weeks.

7. The statement made in December, 1920, by the Association that the duty on the basis of fixed valuation was equivalent to 25 per cent. to 30 per cent. is quite incorrect to-day as on present values it works out at about 6 per cent., perhaps 7½ per cent. in some cases.

8. It is admitted that the export duties were imposed with a view firstly to assisting the tanning industry in India and secondly to benefit the tanning industry of the British Empire. In regard to the first, very large sums have been invested in India in the tanning industry, mainly owing to the encouragement given by the Indian Government. Most of the concerns started after the war were faced with the widespread slump in trade before they had had time to establish themselves properly and have not been able to benefit by the help afforded by the export duty. Time is required to enable them to overcome initial difficulties and build up an export trade.

For the same reason tanners in England and other parts of the Empire have not yet really had an opportunity to develop their plans. There are signs however that conditions are now more favourable, as within the last six months British tanners have begun to buy Indian raw skins on a large scale, and it is believed that the same is true of raw hides.

9. It is true that India has no monopoly of raw skins or hides, but in spite of that the Indian hides and skins produce classes of leather which are not produced from hides and skins

shipped from other countries, and will always be in demand within reasonable limit of price, notwithstanding the export duty.

10. The Calcutta Association advise that the views of their Association have completely changed in regard to the export duty, but this Chamber wishes to point out that whereas the great majority of the firms composing the Association in 1919 represented purely British interests, that is not the case to-day.

11. This Chamber feels that the conditions existing at the time support was given to the proposal to impose an export duty still exist and it seems probable that the beneficial effect of the duty can only be judged after a reasonable period of years under ordinary conditions.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 10th September, 1921.

TO THE SECRETARY, SOUTHERN INDIA SKIN AND HIDE MERCHANTS' ASSOCIATION,
Madras.

SIR,—I am directed to forward copies of correspondence exchanged between this Chamber and the Bombay Chamber in regard to a proposal for the removal of the export duty on skins and hides.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Bombay, 12th September, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to acknowledge receipt of your further letter, dated the 9th September, 1921, with reference to the suggested removal of the export duty on raw hides and to say that the same will be placed before my Committee at their next meeting.

I have, etc.,
N. BEECH,
for *Secretary.*

Lecot's Buildings, Madras, 14th September, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—In connection with the above subject the Bombay Chamber of Commerce recently sent us copies of correspondence from the Hides and Skins Merchants' Association of Calcutta.

In support of the Association's protests against the Duty, a special point was made of the fact that the London Chamber of Commerce (Leather Section) had also protested against the Indian Export Duty, but no mention was made of the very strong objections also made at that time by the leather trade to the London Chamber's protest. These objections to its action eventually caused the Section to realise that it did not really voice the trade and to attempt its own reorganisation. I attach a para from the *Leather World* of August 18th which serves to show the real value of the support on which the Association lays such stress.

I suggest that these facts be communicated to the Bombay Chamber as supplementary to the reply recently given by the Chamber.

I have, etc.,
G. A. CHAMBERS.

[ENCLOSURE.]

A Moribund Organisation.

A writer in the *Export World* draws attention to the lack of interest taken in the " Leather Section " of the London Chamber of Commerce, and states that although the membership totals 267, the attendance during the past three months has at no time exceeded half-a-dozen. He asks the pertinent question, " Is the Leather Section Useless ". As a matter of fact we have felt for years past that this organisation has served no useful purpose, and that its solemn pronouncements do not deserve the prominence given them. Whether it would be possible to reorganise the Section seems an open question, but an attempt is, we hear, to be made again in September. The position will then be thoroughly discussed as to whether members of the various leather trade organisations can be prevailed upon to meet to deal with trade questions or not.

It seems a pity that a Section which is connected with the great mercantile City of London and its Chamber of Commerce should be discontinued, but we very much doubt whether it will be possible to put life into the dry bones of the London Chamber of Commerce Section.

Department of Commerce, Simla, 16th September, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to acknowledge the receipt of your letter dated the 9th September, 1921, on the subject of the retention of the export duty on hides and skins.

I have, etc.,

for *Under Secretary to the Government of India.*

Chamber of Commerce, Bombay, 20th September, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to acknowledge, with thanks, receipt of your letters of the 31st ultimo, and the 9th instant, respectively, on the subject of the export duty on hides and skins and, in reply, to hand you the enclosed copy of a letter which my Committee have addressed to the Calcutta Hides and Skins Shippers' Association in reply to that Association's letter, No. 126-H-S., dated the 9th-14th Julv, 1921.

I have, etc.,
C. B. SAYER,
Secretary.

[ENCLOSURE.]

Chamber of Commerce, Bombay, 20th September, 1921.

TO THE SECRETARY, HIDES & SKINS SHIPPERS' ASSOCIATION,
Calcutta.

SIR,—I am directed to acknowledge receipt of your letter, No. 126-H.S., dated the 9th-14th July, 1921, and its accompaniments, on the subject of the export duty on hides and skins.

2. In reply I am to state that my Committee have carefully reviewed their position in the light of the correspondence forwarded with your letter but that they desire still to adhere to their former views, the substance of which has been communicated to your Association by Mr. E. L. Price, M. L. A.

3. I am however to add that my Committee will bear your Association's contentions in mind when they are consulted by the Fiscal Commission on the fiscal question generally.

I have, etc.,
(Sd.) C. B. SAYER,
Secretary.

Chamber of Commerce, Karachi, 22nd September, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to acknowledge receipt of your letter of the 9th instant forwarding in reply to this Chamber's letter of the 29th ultimo, copies of communications addressed by your Chamber to the Bombay Chamber of Commerce, and stating that for reasons given therein your Chamber far from supporting will strongly oppose the resolution which this Chamber proposes to move at the next annual general meeting of the Associated Chambers, urging the removal of the export duty on hides and skins.

I have, etc.,
ALAN DUGUID,
Secretary.

Chamber of Commerce, Madras, 5th October, 1921.

TO THE SECRETARY GOVT. OF INDIA, DEPT. OF COMMERCE,
" " ASSOCIATED CHAMBER OF COMMERCE OF INDIA,
" " BENGAL CHAMBER,
" " KARACHI CHAMBER,
Delhi.

SIR,—In continuation of my letter of the 9th ultimo, I have the honour to enclose herewith a further communication addressed by this Chamber to the Bombay Chamber of Commerce on the proposal to remove export duty on raw skins and hides.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 5th October, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Bombay.

SIR,—In continuation of my letter of the 9th ultimo, in regard to the proposal from the Calcutta Skins and Hides Merchants' Association to repeal the export duty on raw skins and hides, I am directed to state that in support of the above Association's protest against the imposition of the export duty, a special point was made of the fact that the Leather Section of the London Chamber of Commerce protested against the levying of the export duty, but no mention was made of the very strong objection raised at that time by the leather trade to the protest of the Leather Section of the London Chamber. These objections to its action appear to have eventually caused the Section to realise that it did not really voice the opinion of the leather trade and to attempt its own re-organisation. The enclosed cutting from the *Leather World* throws some light upon the real value of the support on which the Calcutta Association lays so much stress.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Bombay, 10th October, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to acknowledge, with thanks, receipt of your letter of the 5th instant, and its accompaniment, with further regard to the question of the export duty on hides and skins,

The point made in your letter will be borne in mind by my Committee when they have occasion next to discuss the question of the retention of the duty.

I have, etc.,
C. E. SAYER,
Secretary.

Southern India Skin and Hide Merchants' Association,
Madras, 11th October, 1921

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—In acknowledging with thanks the receipt of your letter of the 10th ultimo forwarding copies of correspondence regarding the attempts that are being made by the Calcutta Hides and Skins Shippers' Association to remove the export duty on raw skins and hides, I have to inform you that the matter was considered at a meeting of the general body of the Association held on the 5th instant and the following resolution was unanimously arrived at :—

"Resolved to inform the Government of India that this Association representing the tanning interests of the country is against the removal of the export duty on raw skins and hides and fully endorses and supports the views of the Madras Chamber of Commerce as contained in their letters of the 31st August and 9th September, 1921, to the Bombay Chamber of Commerce."

In this connexion, the Government of India is being written to and a copy of the letter will also be forwarded to you in due course for your support.

I have, etc.,
M. M. ABDUL RAHIMAN SAHIB,
Hon. Secretary.

Chamber of Commerce, Karachi, 13th October, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to acknowledge receipt of your letter, dated the 5th instant, forwarding a copy of a communication addressed by your Chamber to the Bombay Chamber of Commerce in regard to the proposal to remove the export duty on raw hides and skins.

I have, etc.,
ALAN DUGUID,
Secretary.

Department of Commerce, Simla, 14th October, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to acknowledge the receipt of your letter, dated the 5th October, 1921.

I have, etc.,
C. H. BALDREY,
for *Under Secretary to the Government of India.*

Southern India Skin and Hide Merchants' Association,
Madras, 15th October, 1921.

TO THE SECRETARY CHAMBER OF COMMERCE,
Madras.

SIR,—In continuation of this office letter No. 220, dated the 11th instant, I am sending herewith enclosed a copy of the letter No. 221 dated to-day sent to the Government of India, Department of Commerce, from this Association.

I have, etc.,
M. N. ABDUR RAHIMAN SAHIB,
Honorary Secretary.

[ENCLOSURE.]

Southern India Skin and Hide Merchants' Association,
Madras, 15th October, 1921.

TO THE SECRETARY TO GOVERNMENT OF INDIA, DEPARTMENT OF COMMERCE,
Simla.

SIR,—I have the honour to communicate to you the following Resolution unanimously passed at a Meeting of the General Body of the Association held on the 5th instant:—

"Resolved to inform the Government of India that this Association representing the tanning interests of the country is quite against the removal of the export duty on raw skins and hides, and fully endorses and supports the views of the Madras Chamber of Commerce as contained in their letters of the 31st August and 9th September, 1921, to the Bombay Chamber of Commerce."

In virtue of the above Resolution, this Association strongly condemns the action of the Calcutta Hides and Skins Shippers' Association in trying to remove the export duty on raw skins and hides, and resents the support given by the Burma and Karachi Chambers of Commerce to the representations of the Calcutta Association which is composed mainly of either foreign firms or their agents in India who are only middlemen in the trade, themselves having no real interest in the Tanning Industry itself, and hence our Association is of opinion that the representations of such an Association should not be given the weight due to the views of a responsible Association whose interest in the Tanning Industry is real and not feigned.

The wisdom of the imposition and the justification for retention of the export duty on raw skins and hides are becoming more and more evident in actual experience. There is a quicker and stronger revival of the trade in tanned skins and hides at present, such as never took place before when local tanning business was seriously handicapped as compared with the export trade in raw skins and hides. If, at this juncture, when the tanning industry is just trying to rehabilitate itself after the serious crisis it underwent recently, the export duty is removed, it will simply crush and ruin the most important industry of the country.

In this connexion a kind reference is solicited to this office letter No. 157 dated 21st July last, in which this Association clearly set forth the arguments bearing on the subject. I also enclose herein for your reference copies of letters addressed by the Madras Chamber of Commerce to the Bombay Chamber on the same subject. It will be seen therefrom that they are strongly against the removal of the export duty.

In these circumstances, this Association is emphatically opposed to the removal of the export duty on raw skins and hides, and strongly urges its continuance as the only way open to enable the Indian Tanning Industry, which has already been hit hard and is now passing through a serious crisis in trying to rehabilitate itself.

I have, etc.,
(Sd.) M. N. ABDUR RAHIMAN SAHIB,
Honorary Secretary.

REDUCTION OF TARIFF VALUATION ON SKINS.

Southern India Skin and Hide Merchants' Association,
Madras, 18th January, 1921.

TO J. F. SIMPSON, ESQ., MESSRS. GORDON WOODROFFE & CO.,
Madras.

SIR,—I herewith enclose a copy of the telegram sent by this Association to the Government of India, Department of Commerce, Delhi, requesting them to reduce the valuation of raw skins for tariff purposes to rupee one per goat skin, and annas eight per sheep skin, owing to heavy fall in prices, and to cancel the rebate bonds, as most merchants are unable to meet rebate liabilities under the present trade conditions.

2. I, therefore, request your Chamber will support our action and move the Government in the matter.

I have, etc.,
ABDUL HUSSAIN KHALULI,
Honorary Secretary.

[ENCLOSURE.]

The following telegram has been sent by the Southern India Skin and Hide Merchants' Association, Madras, to the Government of India, Department of Commerce, Delhi, on the 12th January, 1921.

"In view of heavy reduction in prices of raw skins since last revision my Association urges immediate reduction tariff values to one rupee per goat skin, and eight annas per sheep skin, and advise Customs authorities immediately. In view great stagnation in trade, heavy losses incurred by merchants dealing in skins and hides and in view of heavy unsold raw stocks lying in London for a long time for want of demand, Association requests cancellation of rebate bonds on goods so far shipped to London to enable merchants to seek other outlets for those stocks. Consider this step very necessary. Most merchants being unable to meet rebate liabilities under present trade conditions do not dare finding outlets outside while in the meantime stocks deteriorate. Strongly feel Government should thus help merchants to tide over present serious crisis if trade is not to be seriously disorganised.

Telegram from the Secretary, Chamber of Commerce, Madras, dated the 28th January, 1921, to the Government of India, Department of Commerce, Delhi.

Madras Chamber strongly supports telegraphic recommendations of Southern India Skin and Hide Merchants Association in regard to cancellation of rebate bonds on unsold raw stocks in United Kingdom as temporary measure also reduction tariff values goat skins sheep skins.

Department of Commerce, Delhi, 1st February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I am directed to acknowledge receipt of your telegram, dated the 28th January, 1921.

I have, etc.,
J. B. TAYLOR,
Under Secy. to the Govt. of India.

Custom House, Madras, 7th February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I have the honour to inform you that a notification was issued by the Government of India on the 5th instant fixing revised tariff valuations as noted below for raw hides and skins

exported from any place in British India, other than Burma, and to request that you will be good enough to notify the members interested accordingly.

Revised tariff valuations for hides and skins.

Name of articles.		per	tariff valuations. Rs.	A.	P.
1. Arsenicated and air dried hides.					
(*a*) Cows (including calf skins)	Framed	lb.	0	10	0
	Unframed	,,	0	5	0
(*b*) Buffaloes (including calf skins)	Framed	,,	0	5	6
	Unframed	,,	0	2	6
2. Dry salted hides.					
(*a*) Cows (including calf skins)		,,	0	5	6
(*b*) Buffaloes (including calf skins)		,,	0	2	6
3. Wet salted hides.					
(*a*) Cows (including calf skins)		,,	0	5	0
(*b*) Buffaloes (including calf skins)		,,	0	2	0
4. Goat and kid skins		piece	1	0	0
5. Sheep skins		,,	0	8	0

I have, etc.,
A. M. GREEN,
Offg. Collector of Customs.

Department of Commerce, Delhi, 14th February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to your telegram dated the 28th January, 1921, I am directed to inform you that Collectors of Customs have been instructed that exporters of raw hides and skins shipped to destinations within the British Empire since September, 1919, should, until further orders, be allowed two years from the date of shipment of the consignment in question within which to produce the certificates prescribed in the Notification by this Department No. 650, dated the 3rd April, 1920. The Government of India regret that they are unable to cancel all rebate bonds as suggested in your telegram.

I have, etc.,
J. B. TAYLOR,
Under Secretary to the Government of India.

Custom House, Madras, 21st February, 1921.

TO THE SECRETARY, SOUTH INDIA SKIN AND HIDE MERCHANTS ASSOCIATION,
Madras.

(Copy to Madras Chamber of Commerce.)

SIR,—With reference to your letter dated the 19th instant *re*: the cancellation of the rebate bonds executed in connection with the export duty payable on raw hides and skins, I have the honour to inform you that the Government of India have since decided that exporters of raw hides and skins shipped to destinations within the British Empire since September, 1919, should be allowed two years from the date of shipment of the consignment in question within which to produce the prescribed certificates.

I shall be glad if you will inform the Members interested accordingly.

I have, etc.,
A. M. GREEN,
Collector of Customs.

Custom House, Madras, 21st February, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—With reference to the correspondence ending with this office letter R.B.G. No. 377-19, dated the 22nd February, 1921, regarding the cancellation of the rebate bonds executed in connection with the export duty payable on raw hides and skins shipped to destinations within the British Empire, I have the honour to inform you that the Government of India have since decided that the period of all bonds issued before 1st October, 1920, should be extended by one more year, thus giving them three years currency within which the exporters should produce the prescribed certificates.

I shall be glad if you will notify the members interested accordingly.

I have, etc.,
J. BUCKNEY,
Asst. Collector of Customs.

Custom House, Madras, 16th April, 1921

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I have the honour to inform you that a notification is being issued by the Government of India to-day fixing revised tariff valuations as noted below for raw hides and skins exported

from any place in British India other than Burma, and to request that you will be good enough to notify the members interested accordingly.

Name of articles.	per	tariff valuations. Rs.	A.	P.
1. Arsenicated and air dried hides				
(*a*) Cows (including calf skins) Framed	lb.	0	6	0
Unframed	,,	0	2	6
(*b*) Buffaloes (including calf skins) Framed	,,	0	2	6
Unframed	,,	0	1	6
2. Dry salted hides				
(*a*) Cows (including calf skins)	,,	0	2	0
(*b*) Buffaloes (including calf skins)	,,	0	1	0
3. Wet salted hides				
(*a*) Cows (including calf skins)	,,	0	3	0
(*b*) Buffaloes including calf skins)	,,	0	1	0
4. Goat and kid skins	piece	1	0	0
5. Sheep skins	,,	0	8	0

I have, etc.,
A. M. GREEN,
Offg. Collector of Customs.

Commercial Intelligence Dept., India,
Calcutta, 9th May, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—As you are aware, the fixed valuations of hides and skins for export duty have been revised, with effect from the 16th ultimo. The Government of India understand that it would be to the convenience of firms and individuals interested in this trade, firstly, if they were definitely informed how long the present valuations will continue in force without further revision, and secondly if two months' notice could be given of any subsequent re-valuation. Will you kindly inform any members of your Chamber who may be interested that Government will not consider the question of further re-valuations before the middle of August next; and that, should prices by that time have altered to such an extent that further revaluations then become necessary, two months' notice will be given to the trade before they are finally introduced. It is hoped, however, that the course of prices will not necessitate a re-examination of the present valuations before October, when they will come up

automatically for scrutiny together with valuations for general import duty. Revaluations, both for export and import duty, would then be notified together, after discussions with the trades concerned, with effect from the 1st January and would be in force for one year from that date.

2. The Southern India Skin and Hide Merchants' Association have been addressed in similar terms.

I have, etc.,
C. G. FREKE,
for *Director-General.*

Chamber of Commerce, Karachi, 18*th May,* 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

Tariff Values of Hides and Skins.

SIR,—I am directed to hand you herewith a copy of a letter which my Committee have addressed to the Director-General of Commercial Intelligence on the above subject, and to express the hope that your Chamber will see its way to support the representation made therein.

I have, etc.,
ALAN DUGUID,
Secretary.

[ENCLOSURE.]

Karachi, 18*th May,* 1921.

TO THE DIRECTOR-GENERAL OF COMMERCIAL INTELLIGENCE,
Calcutta.

I am in receipt of your letter No. 3566 of the 9th instant in regard to the fixed valuations of hides and skins for export duty, and I am directed to inform you that my Committee are of opinion that the tariff valuations should remain in force for periods of at least one year, the same as in the case of sugar, and I am to ask if Government will arrange accordingly.

I have, etc.,
(Sd.) ALAN DUGUID,
Secretary.

Chamber of Commerce, Madras, 1*st June,* 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Karachi.

SIR,—I beg to acknowledge the receipt of your letter No. 21-7, dated the 18th May, 1921, forwarding a copy of your communication to the Director-General of Commercial Intelligence

Calcutta, in regard to the tariff valuations on skins and hides, and I am to state that the Chamber has resolved to support your representation, viz., that the tariff valuation should remain in force for periods of at least one year.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 1st June, 1921.

TO THE DIRECTOR-GENERAL OF COMMERCIAL INTELLIGENCE,
Calcutta.

SIR,—I am directed to acknowledge the receipt of your letter No. 3564, dated the 9th May, 1921, in regard to the tariff valuations on raw skins and hides, and I am to state that this Chamber has no objection to your suggestion that two months' notice will be given if further re-valuations become necessary before the middle of August.

I am further to add that this Chamber supports the representation of the Karachi Chamber in their letter of the 18th May advocating that tariff valuation on raw skins and hides should remain in force for periods of at least one year.

I have, etc.,
H. E. H. SLADEN,
Secretary.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

Delhi, the 21st November, 1921.

PRESS COMMUNIQUE.

Under the Notification of the Government of India in the Department of Commerce, No. 650, dated the 3rd April, 1920, a rebate of two-thirds of the duty on raw hides and skins exported to destinations within the Empire is allowed on the execution by the exporter of a bond guaranteeing payment of the remainder of the duty in the event of failure to produce, within six months from the date of shipment, a certificate from an authority designated for the purpose showing that the raw hides or skins had been delivered to a tanner within the Empire. In view of the present position of

the trade, the Government of India have instructed Collectors of Customs to allow exporters of raw hides and skins, shipped to destinations within the British Empire before 1st October, 1920, three years from the date of shipment within which to produce the prescribed certificates.

J. B. TAYLOR,
Under Secretary to the Government of India.

EAST INDIAN TANNED HIDES CONTRACTS.

Association of Factors, Merchants and Importers of Leather, Hides and Tanning Materials, London, 17th *May*, 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—I beg to inform you that as the result of representations made to this Association by the Federation of Curriers Light Leather Tanners and Dressers, it has been agreed by the two organisations that the following condition shall be inserted in all future contracts :—

"The goods to be of fair average quality of the description and mark. Should the goods whilst answering the agreed description, turn out to be inferior to such fair average quality, the buyers shall not be entitled (save as hereinafter provided) to reject the goods, but a fair allowance shall be made in respect of such inferiority, to be settled, if necessary, by arbitration. If in the case of any dispute as to quality, the arbitrators shall award to the buyers a sum of more than 10 per cent. of the invoice value of the goods, the buyers shall then have the option of rejecting the goods without prejudice to their right to claim damages for non-delivery, such damages, failing amicable settlement, to be fixed by the arbitrators."

At a meeting of the Importers who are Members of this Association held here on the 10th instant. I was instructed to forward a copy of the above condition to you with the request that you would kindly inform your Members and the Members of any other local Association interested in E. I. tanned hides.

I was also instructed to state that the terms referred to are those on which the Importers propose to sell on receipt of confirmation of this letter from you.

I have, etc.,
H. W. FRESHWATER,
Secretary.

Chamber of Commerce. Madras, 10th June, 1921.

TO THE SECRETARY, ASSOCIATION OF FACTORS,
MERCHANTS AND IMPORTERS OF LEATHER, HIDES
AND TANNING MATERIALS,
London.

SIR,—I beg to acknowledge the receipt of your letter of the 19th May, 1921, in regard to the insertion of a new clause in all future contracts which I am placing before the Members of the Chamber for an expression of their views.

A further communication will be addressed to you in due course.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 29th June, 1921.

TO THE CHAIRMAN, SOUTHERN INDIA SKIN AND HIDE
MERCHANTS' ASSOCIATION,
Madras.

SIR,—I am directed to forward a copy of a Resolution passed at the General Monthly Meeting of the Chamber held last night in regard to the letter from the Association of Factors, Merchants and Importers of Leather, Hides and Tanning Materials, London.

"Resolved that a meeting of the Skins and Hides Sub-Committee together with all members interested in the trade be called to discuss the subject, and thereafter to arrange a meeting with the Members of the Southern India Skin and Hide Merchants' Association. Mr. F. E. L. Worke to be the convener of the meeting."

And to advise you that a meeting of the Skin and Hides Sub-Committee of the Chamber will be held on Tuesday, the 5th July, 1921, for the above purpose.

I shall be glad if you will kindly let me have the views of your Association so as to enable me to place them before the meeting.

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 19th July, 1921.

TO THE SECRETARY, ASSOCIATION OF FACTORS,
MERCHANTS AND IMPORTERS OF LEATHER, HIDES
AND TANNING MATERIALS,
London.

SIR,—With reference to the resolution contained in your letter, dated the 17th May, 1921, which has been considered by the Madras Chamber of Commerce and the Southern India Skin and Hide Merchants' Association, we beg to inform you that, at a joint meeting of the two bodies held on the 14th July, 1921, it was decided that the resolution as drawn up by you could not be accepted. The following resolution was then unanimously approved of :—

" Resolved that the Madras Chamber of Commerce and the Southern India Skin and Hide Merchants' Association agree to the insertion of a rejection clause should the percentage be raised from ten to fifteen per cent. and providing there are no further claims for damages for non-delivery."

I have, etc.,
JAS. F. SIMPSON,
Chairman, Madras Chamber of Commerce,
M. JAMAL MOIDEEN SAHIB,
Chairman, S. I. Skin and Hide Merchants' Association.

REGISTRATION AND PROTECTION OF TRADE UNIONS.

Law (General) Department, dated Fort St. George,
14*th November,* 1921.

TO THE SECRETARY, CHAMBER OF COMMERCE,
Madras.

SIR,—Registration and Protection of Trade Unions. Letter from the Government of India, No. L. 925, dated the 12th September, 1921.

I am directed to forward to you a copy of the above letter and to request you to be so good as to obtain and forward to Government at a very early date the opinion of your Chamber on the proposals of the Government of India.

I have, etc.,
R. V. KRISHNAN,
for *Secretary.*

[ENCLOSURE.]

Letter.—from Mr. A. C. Chatterjee, C.I.E., I.C.S., Secretary to the Government of India, Department of Industries, (Labour)

To—all Local Governments and Administrations.

Dated—Simla, the 12th September, 1921.

No.—L.-925.

[*Subject.*--Registration and Protection of Trade Unions.]

I am directed to address you regarding legislation on the subject of Trade Unions. On the 1st March, 1921, Mr. N. M. Joshi, M.L.A., moved in the Legislative Assembly the following Resolution :—

"This Assembly recommends to the Governor-General in Council that he should take steps to introduce, at an early date, in the Indian Legislature, such legislation as may be necessary for the registration of trade unions and for the protection of trade unionists and trade union officials from civil and criminal liability for *bona fide* trade activities."

After an instructive debate the Resolution was amended so as to read as follows :—

"This Assembly recommends to the Governor-General in Council that he should take steps to introduce, as soon as practicable, in the Indian Legislature, such legislation as may be necessary for the registration of trade unions and for the protection of trade unions."

In this form it was accepted by the Hon'ble Sir Thomas Holland on behalf of the Government of India and it was adopted by the Assembly without a division.

2. The number of so-called trade unions in India is now considerable, and is increasing. A few of them have written constitutions and keep regular accounts, and, except that they do not, as a rule, pay the sick and unemployment benefits paid by all the big English unions, they approximate in form and methods to the British models. But the great majority are loose organisations. They have frequently no definite constitution; they publish no accounts ; their officers have no assigned functions ; even the objects of the union are unstated in some cases. Many are little more than strike committees, formed to promote or carry on a strike, and ceasing to function after the strike has ended. Such organisations bear little resemblance to trade

unions in the usually accepted meaning of the term. But, in so far as the movement makes for the organisation of labour, and for the steady betterment of the conditions of labour by efforts from within, it is clear that every facility should be offered for its development along healthy lines. The Government of India believe that if the unions that are now being formed are enabled and encouraged to define their objects, their methods and their organisation, a step will be taken in the right direction.

3. The desirability, in the interests of the workmen who join a trade union, of the registration of that union can scarcely be disputed. Persons entrusted with considerable sums of money by illiterate persons, and never called to account for these sums, are liable to much temptation, and there are dangers that they may prove unequal to it. This is only one of several obvious dangers in the growth of a large number of important and possibly powerful organisations, which stand outside the civil law of the country. By registration, trade unionists would obtain for their unions the right to sue and the right to control their officers and their funds, and, further, they would have a recognised status and position in the eyes of industrialists and the public. That full recognition by employers would follow in every case is unlikely, and in the opinion of the Government of India it is neither desirable nor possible to compel employers to recognise all unions. But much of the present reluctance of employers to treat with the existing organisations is due to the fact that these organisations have none of the responsibility attaching to properly registered bodies, and frequently represent little more than the aims of third parties, whose motives are not always disinterested. If a trade union could show that it was a genuine combination of workers, formed not with the express object of creating discord, but with the object of advancing the prosperity of those workers by all legal means, much of this reluctance would disappear. And without some form of registration, it is difficult for a trade union to assert its genuineness and to substantiate the claims it makes to represent any section of the workers in a factory or an industry.

4. One of the questions that was raised during the debate in the Legislative Assembly was whether trade unions could be registered under existing Indian law. The Government of India are advised that it would be extending the scope of the Indian Companies Act (VII of 1913) beyond its well recognised limits to bring trade unions under it. Even if they could be registered under this Act, it would not be possible to provide proper safeguards for all their legitimate activities for which special legislation has been considered necessary in the United Kingdom and other countries.

5. After preliminary consideration, the Government of India have arrived at the following tentative conclusions

regarding the lines on which legislation should be undertaken for the registration and protection of trade unions. I am to invite the opinion of the local Government on these proposals.

6. *The definition of a Trade Union.*—The definition of a Trade Union in the English statute of 1871 was amended by the statute of 1876 and now stands as below:—

"The term 'trade union' means any combination, whether temporary or permanent, for regulating the relations between workmen and masters, or between workmen and workmen, or between masters and masters, or for imposing restrictive conditions on the conduct of any trade or business, whether such combination would or would not, if the principal Act (*i.e.*, the Act of 1871) had not been passed, have been deemed to have been an unlawful combination by reason of some one or more of its purposes being in restraint of trade.

"Provided that this Act shall not affect:—

(1) any agreement between partners as to their own business;

(2) any agreement between an employer and those employed by him as to such employment;

(3) any agreement in consideration of the sale of the goodwill of a business or of instruction in any profession, trade or handicraft."

It is probable that the original definition of a trade union given in the Act of 1871 was widened in 1876 in order that benevolent purposes might be included amongst the objects of a trade union. The English statute of 1913 gives a further definition of a trade union in the following terms:—

"2 (1) The expression 'trade union' for the purpose of the Trade Union Acts, 1871 to 1906, and this Act, means any combination, whether temporary or permanent, the principal objects of which are under its constitution statutory objects:—Provided that any combination which is for the time being registered as a trade union shall be deemed to be a trade union as defined by this Act so long as it continues to be so registered."

The Government of India are of the opinion that in Indian legislation there should be a definition corresponding to the definition given in the English statute of 1876, and that it should be also clearly stated that benevolent and similar purposes are included within the scope of trade union activities. The provision that will be made in the contemplated legislation with regard to the registration of unions will help to make the definition more precise.

7. It has been suggested that in the contemplated legislation it will be desirable, besides giving a general definition of the term 'trade union,' to provide a specific list of the aims and objects of trade unions ; such as—

(*a*) the regulation of wages, allowances or remuneration of workers employed or usually employed or to be employed in any industry ;

(*b*) the regulation of hours of employment, sex, age, qualification or status of workers, and the mode, terms and conditions of employment ;

(*c*) matters relating to any established custom or usage of any trade or industry affecting the union concerned ;

(*d*) the provision of benefits to members and the right to utilise the funds of the unions for political purposes on conditions equivalent to those prescribed in the English Act of 1913.

The objection to a specific enumeration of the legitimate aims and objects of trade unions in the definition is that the definition will become inelastic and will not leave sufficient freedom to Courts to interpret the law in accordance with the development of the movement. The Government of India will be glad to receive the opinion of the local Government on this particular point.

8. It has been mentioned above that political objects should be recognised amongst the activities of trade unions. In England this aspect of the question is dealt with in the statute of 1913. Section 3 of this Act provides—

(1) that trade union funds cannot be used for political purposes unless the union, by a ballot, as prescribed in the Act, approves by a majority of the members voting ;

(2) that where such political purposes are approved, payments towards them must be made out of a separate fund ;

(3) that any member may object to pay for such purposes, and claim exemption on a prescribed form, and that such member shall not be excluded from union benefits, or in any other way adversely affected because of his action, and that contribution to a political fund shall not be made a condition for admission to the union ;

(4) that aggrieved members have provision for redress ;

This Section authorises the expenditure of money on the following political objects :—

(*a*) the payment of any expenses incurred either directly or indirectly by a candidate or prospective candidate for election of

Parliament or to any public office before, during or after the election in connexion with his candidature or election ; or

(*b*) the holding of any meeting or the distribution of any literature or documents in support of any such candidate or prospective candidate ; or

(*c*) the maintenance of any person who is a member of Parliament or who holds a public office ; or

(*d*) the registration of electors or the selection of a candidate for Parliament or any public office ; or

(*e*) the holding of political meetings and the distribution of political literature or political documents of any kind, in cases where the main purpose of the meetings or of the distribution of the literature or documents is the furtherance of statutory objects within the meaning of this Act.

This Section has been borrowed in Australia, e. g., in Section 52-A of the New South Wales Act of 1912, as amended in 1918. The New South Wales Act empowers unions to support a political newspaper.

It seems to the Government of India that the principle of this provision may be accepted in India so as to cover elections to the Central and Provincial Legislatures, and to municipal and other local bodies which have the power to raise money. They are also ready to adopt the other provisions of the Act, namely, (*a*) that the political fund be kept separate from other funds : (*b*) that members of unions who object to contribute towards political objects be exempted on signing an exemption form which may be given as a schedule to the Act, and (*c*) that the members be placed under no disability for non-contribution, and that contribution should not be a condition of admission.

9. *Protection of Trade Unions.*—The main provision in England on this point is embodied in Section 2 of the statute of 1871, which says that "the purposes of any trade union shall not, by reason merely that they are in restraint of trade be deemed to be unlawful, so as to render any member of such trade union liable to criminal prosecution for conspiracy or otherwise". The Indian law in regard to restraint of trade is contained in Section 27 of the Indian Contract Act, and is not exactly the same as the English law. Section 27 of the Indian Contract Act uses very wide language and lays down that "every agreement by which any one is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void". The Government of India are inclined to the opinion that in the proposed Bill it should be declared that Section 27 of the Indian Contract Act will not apply to registered trade unions. They are at the same time disposed to adopt in their entirety the principles embodied in Sections 2, 3 and 4 of the statute of 1871 which are for the sake of convenience reproduced.

in Appendix II to this letter. It is true that these Sections of the English statute have given rise to some difficulties in interpretation, and it, therefore, seems to the Government of India that in the proposed Indian legislation it may be advisable to specify the nature of the agreements that have been accepted in English case law as falling within the principles embodied in the statute.

10. The law in England definitely excludes any interference by the Courts with the internal management of unions; on the other hand the Australian legislation brings the domestic affairs of trade unions under the law. The Government of India are of the opinion that in this respect we should follow the English precedent.

11. In this connexion a brief reference may be made to the question of the recognition of strikes. If the principle of Section 2 of the English Act of 1871 is adopted, strikes will become legal. The Government of India do not wish at present to include in the Act relating to trade unions any other provisions regulating strikes. The question is being considered separately in different provinces in connexion with the procedure for conciliation and arbitration. The Government of India have collected a considerable volume of information regarding such procedure in other countries and hope to publish the information at an early date. They would await the result of the measures that have been adopted or are in contemplation in different provinces on this subject before deciding whether any specific legislation is needed with regard to strikes and the procedure of conciliation and arbitration.

12. *Trade Union Funds.*—The English law on the subject may be summarised thus:—

(1) Trade Union Funds are subject generally to the ordinary laws regulating trust funds.

(2) The Trade Union Acts make special provision for trade union funds in certain cases:—

(*a*) A registered trade union and each branch of a trade union may acquire and hold land to a certain extent and, if necessary, may sell, exchange, mortgage, etc., etc. (Section 7 of 1876 Act.)

(*b*) The real and personal property of a registered trade union is vested in the trustees of the union and the property of a branch may be vested in the branch trustees or if the union rules so provide, in the union trustees, in the case of a change of trustees, property consisting of stocks and securities must be transferred to the new trustees but no new assignment or conveyance is necessary for other property (Section 8 of the Act of 1871, as amended by the Act of 1876).

(*c*) Certain provisions are inserted for cases of the bankruptcy, lunacy, death or removal from office of trustees (Section 4, Trade Union Act, 1876).

(3) It has been ruled that the trustees of a trade union need not be members of the union.

(4) Actions and other proceedings regarding the trade union property may be brought or defended either by the trustees or by any other officer of the union as authorised by the rules (Section 9, 1876 Act). Their liability is limited, in case of the contemplation or furtherance of a trade dispute, by Section 4 (2) of the Trade Disputes Act.

(5) The liability of trustees is limited (Section 10, 1871 Act).

(6) Union offiicials must render duly audited accounts, etc., to the union (Section 11, 1871 Act).

(7) Unions are protected against fraud by their own members, officials or others (Section 12, 1876 Act).

(8) It seems that, in the case of a dispute between a trade union and its branch in regard to branch property an action may be brought under Section 9 against the branch trustees for recovery of the property, and by the rules of the union it may be possible for a trade union to prevent a misapplication of branch funds by a branch.

Under the present law it also seems possible for a member of a trade union to restrain misapplication of funds where the trustees will not do so.

(10) The rules of every trade union must provide for the dissolution of the union and impliedly for the disposal of union funds (Section 14 of the 1876 Act).

13. The Government of India think that, with due reference to the Indian law relating to trusts and trustees, the principles enunciated above may be accepted and incorporated in the proposed law relating to trade unions.

14. In England under the statutory rules, trade unions must make provision for the appointment of a trustee or trustees. If there were no trustees, the property of the union would have to be vested in the name of an official on behalf of the union or of the union itself. The Government of India would like to have the opinion of local Governments as to whether it is necessary that a similar provision should be made in the Indian law.

15. *Registration.*—It is hardly necessary to observe that if the principal conditions under which unions may be registered are sufficiently explicit the need for elaboration in the definition of the term trade union will be obviated. The registration *ipso*

facto will bring a union within the legal definition. The Government of India are of the opinion that registration in all cases should be optional, and that unregistered trade unions should not be deemed to be illegal. Registration, however, will give a legal entity to a union with definite rights and privileges which unregistered unions will not possess. For example an unregistered union might find it difficult to obtain recognition by employers.

16. The Government of India think that the following provisions regarding registration may be included in the contemplated Bill:—

(1) the fixation of a minimum number of members who may apply for registration;

(2) provision for the appointment of Registrars in the different provinces by the local Government;

(3) power to make rules regarding such subjects as—

(*a*) the furnishing to the Registrar at the time of application for registration of copies of the rules of the union with a list of the designations and the names of the officers of the union;

(*b*) where a trade union has been in operation for more than a year before the date of the application, for the furnishing of statements of receipts, funds, etc., of the union in a prescribed form;

(*c*) the name of the union not to be identical with that of any other union;

(*d*) issue of certificates of registry.

I am, however, to invite the opinion of the local Government as to whether these provisions should be made by rule under the statute or should be included in the statute itself with specific provisions in a schedule regarding the details that should be furnished in connexion with an application for registration such as—

(i) the name of the trade union and place of meeting for the business of the trade union;

(ii) the objects and purposes of the union, the conditions under which the members of the union may benefit from the funds of the union and the fines and forfeitures on members of the union;

(iii) the manner of amending or rescinding the rules;

(iv) a provision for the appointment and removal of a general committee of management, of a trustee or trustees, treasurer and other officers;

(v) a provision for the investment of the funds and for an annual audit of accounts;

(vi) a provision for the inspection of the books and names of members by every person having an interest in the funds of the union.

17. In this connexion, I am to observe that in the opinion of the Government of India it is desirable that any rules made under the Act should be made by the Central Government. It is probable that many unions will carry on business in more than one province, and in any case it is desirable that the law and practice on this matter should be uniform throughout India at least in the earlier stages of the movement.

18. Some other provisions relating to registration which may be usefully incorporated in the Act are stated below:—

(*a*) the rules of every trade union should contain provisions in respect of the several matters mentioned in the previous paragraphs;

(*b*) a copy of the rules should be available to every member of a trade union on payment of a specified sum;

(*c*) every union should have a registered office;

(*d*) unions carrying on and intending to carry on business in more than one province should be registered in the province in which the registered office is situated;

(*e*) a general statement of the receipts, funds and expenditure of every registered union should be transmitted to the Registrar by a specified date. With this general statement should be sent to the Registrar a copy of any alterations of rules and new rules and particulars regarding changes of officers. It may also be advisable to ask for a periodical return of the names of members;

(*f*) there should be penal provisions for default in any of the matters specified above;

(*g*) rules regarding the change of name of a trade union;

(*h*) rules regarding the amalgamation of trade unions;

(*i*) rules regarding the withdrawal of the certificate of registration on application to the Registrar.

19. Under Section 9 of the English Statute of 1876, minors are permitted to become members of a trade union. The Government of India are of the opinion that all persons of or above the age of 15 should be eligible to become members of trade unions.

20. *Liabilities of Trade Unions.*—The English law on the subject is contained in Section 3 of the Conspiracy and Protection and Property Act of 1875 as modified by Section 1 of the Trade Disputes Act of 1906. As thus amended the law reads—

"An agreement or combination by two or more persons to do or procure to be done any act in contemplation or furtherance of a trade dispute shall not be indicatable as a conspiracy if such act committed by one person would not be punishable as a crime.

"An act done in pursuance of an agreement or combination by two or more persons shall, if done in contemplation or furtherance of a trade dispute, not be actionable unless the act, if done without any such agreement or combination, would be actionable.

"Nothing in this section shall exempt from punishment any persons guilty of a conspiracy for which a punishment is awarded by any Act of Parliament.

"Nothing in this section shall affect the law relating to riot, unlawful assembly, breach of the peace, or sedition, or any offence against the state or the Sovereign.

"A 'Crime' for the purposes of this section means an offence punishable on indictment, or an offence which is punishable on summary conviction, and for the commission of which the offender is liable under the statute making the offence punishable, to be imprisoned either absolutely or at the discretion of the Court, as an alternative for some other punishment.

" Where a person is convicted of any such agreement or combination as aforesaid to do or procure to be done an act which is punishable only on summary conviction, and is sentenced to imprisonment, the imprisonment shall not exceed three months, or such longer time, if any, as may have been prescribed by the statute for the punishment of the said act when committed by one person."

This provision of the English law may be studied along with Sections 2 and 3 of the Act of 1871 which free unions from criminal and civil liability in regard to restraint of trade.

21. Section 3 of the Trade Disputes Act runs thus :—

" An act done by a person in contemplation or furtherance of a trade dispute shall not be actionable on the ground only that it induces some other person to break a contract of employment or that it is an interference with the trade, business, or employment of some other person, or with the right of some other person to dispose of his capital or his labour as he wills."

22. The Government of India are of the opinion that the expressions " contemplation or furtherance " should be defined

more precisely, and subject to this and possibly to the further limitation suggested in the last sentence of paragraph 27 below they think that there would be no objection to incorporating in the Indian law the principle embodied in the English law as set forth in paragraphs 20 and 21 above.

23. Immunity from liability for the wrongful acts of their servants was conferred on trade unions in England by Section 4 of the Trade Disputes Act of 1906, which runs thus :—

"4 (1) An action against a trade union, whether of workmen or masters, or against any members or officials thereof on behalf of themselves and all other members of the trade union in respect of any tortious act alleged to have been committed by or on behalf of the trade union, shall not be entertained by any court.

"(2) Nothing in this section shall affect the liability of the trustees of a trade union to be used in the events provided for by the Trade Union Act, 1871, Section 9 except in respect of any tortious act committed by or on behalf of the union in contemplation or in furtherance of a trade dispute."

24. The Government of India are of the opinion that under present conditions the principle of this provision cannot suitably be incorporated in the proposed Indian Law. Such trade unions as exist in India differ in important respects from the trade unions in England. While trade unions in England had behind them in 1906 a continuous existence of over a century, during the greater part of which they had been subject to some form of legislation, the Indian organisations are of extremely recent date and in view of the acts of violence and intimidation which have unfortunately characterised a large proportion of the disputes in which they have been concerned, it would be unwise in the earlier stages of their existence to exempt them unreservedly from civil liabilities for tortious acts. Moreover, as a reference to the debate in Legislative Assembly will show, the value of the Trade Disputes Act in this respect had been seriously questioned by competent critics in England.

25. The main argument that had been advanced for the immunity conferred by Section 4 of the Trade Disputes Act is that a trade union cannot justly be held responsible for the actions of its subordinates. It is alleged that in times of excitement, irresponsible officials are liable to go too far, and it would be unfair to saddle the union with financial responsibility for their acts. Against this it may be urged that no other body with a legal entity is free from the liability of the acts of its agents, and there is really no reason why trade unions should be free. Another argument that has been advanced in favour of legislation similar to that of Section 4 of the Trade Disputes Act is that trade unions are partly benevolent in purpose and their funds should not therefore be made liable for unlawful acts committed by subordinates. This argument may be met by a

provision that a separate trust may be created for the benevolent funds of a union, or by definite provision that the benevolent funds of a union should be exempt from liability.

26. The Government of India as at present advised are in favour of embodying in the Indian law the proposals that had been originally submited to Parliament by His Majesty's Government in 1906. The original proposals in the Trade Disputes Bill were to define the law of agency in such a way that no act could be made the ground of a claim on trade union funds, unless it was definitely proved that the governing body, as constituted by law, had sanctioned the act. It was proposed that each union should appoint an executive committee, in which was to be vested the duty of conducting all operations likely to bring the union into conflict with employers and the public. Unions or their property were not to be bound by any act unless it were the act of the executive committee, or of some person whom the executive committee authorised to act in a certain way. The executive committee could by instructions prescribe the limits within which their agents might exercise their discretion and no action would lie against the funds of the union in the event of an agent exceeding those limits. It was also proposed that the executive authority could repudiate or disapprove of any questionable act which might be brought to its notice. Where such repudiation took place with effective promptitude, trade union funds were to be exempt from liability. A similar provision was prescribed in the New South Wales Act, 1903, which declared that "no trade union or industrial union or association of employers shall be liable to any suit or action, nor shall the funds of such union or association be in any way chargeable in respect of any act or word, done, spoken, or written, through or in connexion with an industrial dispute by any agent, if it be proved that such agent acted :—

(1) Contrary to instructions *bona fide* given by or (2) without the knowledge of the governing body of such union or association, and that the union or association has *bona fide* and by all reasonable means repudiated the acts or words complained of at the earliest opportunity and with reasonable publicity." The Government of India as at present advised are disposed to formulate safeguards on those lines.

27. *Picketing.*—The English law on the subject is embodied in Section 7 of the Conspiracy and Protection of Property Act of 1875, read with Section 2 of the Trade Disputes Act of 1906. The two provisions are given in Appendix II of this letter. In this connexion in India the law embodied in Chapter V of the Indian Penal Code has to be considered. The Government of India feel that it would be most undesirable in the present stage of the labour movement in India to countenance picketing in any form. It will not be disputed that, although in the statute of 1906, such acts as watching and besetting, the use of

violence, intimidation, injury to property, following, the hiding of property or depriving the owner of its use, following in a disorderly manner in a street or road, are still unlawful in England, it would be practically impossible in India either to obtain evidence for the conviction of any person for such offences, or to impose penalties for such acts on large crowds of people who might commit them in times of excitement and disorder. The Italian law on the subject may be stated thus :—

"Whoever, by means of violence or threats restrains or impedes in any way the liberty of industry or of commerce is punished by imprisonment for a period not exceeding 20 months, and by a fine of 100 to 3,000 lire.

Whoever, by violence or threats, occasions or causes to continue a cessation or suspension of labour in order to impose either on the workmen or on the masters or employers a diminution or an increase of wages, or conditions differing from those previously agreed upon, is punished by imprisonment for a period not exceeding 20 months.

Ringleaders in the offences referred to in the preceding articles are liable to terms of imprisonment varying from three years, and to a fine of from 500 to 5,000 lire."

But recent events have shown that it is practically impossible to enforce these provisions. Whilst picketing undertaken by private persons without the express authority of the Union will be subject to the law embodied in Chapter V of the Indian Penal Code, the Government of India, in the interests of the organisations themselves, are inclined to the opinion that a definite responsibility should be laid on the unions or their Executive Committees for the prevention of the issue of any orders authorising picketing in any form by the members of the union. It has been suggested that the immunity of union funds that would be conferred by the provision suggested in paragraph 22 above should be limited by provisions having the effect just mentioned, but the Government of India do not wish to commit themselves to this proposal and would be glad to have the considered views of the local Government on this question.

28. I am to request that as the subject of this letter is entirely novel in this country and as at the same time the proposals made are likely to have an important bearing on the social and industrial organisation of the country, the local Government will give wide publicity to its contents. The Government of India will be glad to have the considered opinion of local Governments on the points discussed in this letter by the end of November 1921.

No. L.-925.

Copy forwarded for information to the Legislative Department.

(By order, etc.)

R. N. GILCHRIST,

for *Secretary to the Government of India.*

Telegram from the Secretary, Upper India Chamber of Commerce, Cawnpore, dated the 23rd November, 1921, to the Madras Chamber of Commerce, Madras.

Has your Chamber submitted opinions on Government India's letter L 925 of twelfth September on registration and protection trade unions. If not this Chamber suggests all Chambers should intimate postponement opinion until this most important subject can be discussed by Associated Chambers and concerted opinion submitted. Apprehend that if separate views be hastily submitted and differences may be used adversely to discount value commercial opinion. Haste in rushing labour legislation through gravely deprecated.

Telegram from the Secretary, Chamber of Commerce, Madras, dated the 26th November, 1921, to the Upper India Chamber of Commerce, Cawnpore.

Your telegram twenty-third registration and protection trade unions this Chamber's opinion not yet submitted to Government subject will be considered on twenty-ninth instant fully agree your views as to putting forward the concerted opinion of all Chambers in Resolution at the Calcutta Conference in January next.

Madras Chamber of Commerce, dated 7th December, 1921.

TO THE SECY. TO GOVT. OF MADRAS, LAW (GENERAL) DEPARTMENT,

Madras.

SIR,—In continuation of my letter of the 26th ultimo, on the subject of the registration and protection of trade unions, I have the honour to inform you that the matter was considered at the General Monthly Meeting of the Chamber held on the 29th idem, and I am directed to communicate to you the following extract from the Resolution passed on the subject.

"To reply to the Madras Government that the Chamber understands that the Registration and Protection of Trade Unions will form the subject of a Resolution at the Conference of the Associated Chambers in January next, and that in the circumstances the Government of India be requested to await the result of the Conference and not to expect separate opinion from individual Chambers in the meantime."

I have, etc.,
H. E. H. SLADEN,
Secretary.

Chamber of Commerce, Madras, 7th December, 1921.

To the Secy., Upper India Chamber of Commerce,
Cawnpore.

Sir,—In reply to your letter of the 29th ultimo, I beg to enclose a copy of a letter which the Chamber has addressed to the Government of Madras, on the subject of the Registration and Protection of Trade Unions.

I have, etc.,
H. E. H. Sladen,
Secretary.

Upper India Chamber of Commerce, Cawnpore,
12th December, 1921.

To the Secretary, Chamber of Commerce,
Madras.

Sir,—I beg to thank you for your letter of the 7th instant, with which you kindly forward a copy of a letter addressed to the Government of Madras on the subject of the Registration and Protection of Trade Unions.

I have, etc.,
I. Y. Ryan,
Secretary.

WORKMEN'S BREACH OF CONTRACT ACT

Law (General) Department, Fort St. George, 9th November, 1921.

To the Chairman, Chamber of Commerce,
Madras.

Workmen's Breach of Contract Act, 1859, as amended by the Act of 1920—Letter from the Government of India, Home Department, No. F-168, Judicial, dated the 1st October, 1921.

Sir,—I am directed to forward a copy of the above letter and to request you to be so good as to favour the Government with your remarks on the proposals in paragraph 2 thereof at an early date.

I have, etc.,
R. V. Krishnan,
for *Secretary.*

[ENCLOSURE.]

Simla, 1st October, 1921.

TO THE SECRETARY TO GOVERNMENT OF MADRAS,
HOME (JUDICIAL), DEPARTMENT.

SIR,—I am directed to invite a reference to the statement made by the Hon'ble Sir William Vincent on behalf of Government in the Imperial Legislative Council on the 11th March, 1920, when moving that the Bill further to amend the Workmen's Breach of Contract Act, 1859, be passed, to the effect that Government would be prepared to address local Governments pointing out that the policy of the Government of India was to administer the Workmen's Breach of Contract Act, as amended, with the greatest leniency possible. I am to request that (with the permission of His Excellency the Governor in Council) steps may be taken to give effect to the assurance given in the Council.

2. I am at the same time to enclose copies of the debate in the Legislative Assembly on the 10th September, 1921, on Mr. Joshi's resolution recommending the repeal of the Workmen's Breach of Contract Act, 1859, and Sections 490 and 492 of the Indian Penal Code. It will be seen that Mr. Joshi withdrew his resolution on an undertaking being given to him by the Hon'ble Sir William Vincent that the Government of India were prepared to adopt the view that the repeal of the Act was desirable on general grounds of principle, and that if, after consulting local Governments and eliciting public opinion, it was found that there was a general consensus of opinion in the country in favour of this course, they would be prepared to undertake legislation to repeal the Act. No definite undertaking was given as to the repeal of Sections 490 and 492 of the Indian Penal Code, which, the Government of India consider, stand on a different footing from the Act of 1859, as they are a part of the general criminal law of the land, but the Government of India expressed their readiness to invite public opinion on these Sections of the Indian Penal Code as well. I am accordingly to request that general public opinion, especially the opinion of those whose interests are likely to be affected by these proposals, the Planter community and other employers of labour, may be ascertained and communicated to the Government of India, together with the views of His Excellency the Governor in Council on the position generally and in particular on the questions (1) whether the repeal of the Workmen's Breach of Contract Act, is likely to affect materially the industrial progress of the country ; and (2) whether the repeal of Sections 490 and 492 of the Indian Penal Code is desirable.

3. I am further to ask that a report may be furnished as to how the Act as amended in 1920 has worked, whether it is unfair and whether any instances of the abuse or misuse of its provisions have come to the notice of the local Government.

4. The Government of India would be glad to be furnished with an early reply to this reference.

I have, etc.,
H. TONKINSON,
Additional Deputy Secretary to Government of India.

Chamber of Commerce, 24*th December,* 1921.

TO THE SECRETARY TO GOVERNMENT, LAW (GENERAL) DEPARTMENT,
Madras.

SIR,—In reply to your letter No. 4081-A-4, dated the 9th November, 1921, I am directed to state that this Chamber has no very pronounced views on the question of repealing the Act of 1859.

But as regards Sections 490 and 492 of the Indian Penal Code, the Chamber is not in favour of repealing these Sections.

I have, etc.,
H. E. H. SLADEN,
Secretary.

SIR JAMES SIMPSON.

3rd January, 1922.

TO SIR JAMES SIMPSON, CHAIRMAN, CHAMBER OF COMMERCE,
Madras.

DEAR SIR JAMES,—I am desired by the Committee of the Madras Chamber of Commerce to offer you on behalf of its Members the heartiest congratulations on the Knighthood His Majesty the King-Emperor has been pleased to confer upon you. This honour is a fitting recognition of the able manner in which you have represented the Mercantile community of Madras for two years as Chairman of the Chamber of Commerce, and I desire to associate myself most cordially with its congratulations.

I would also ask you kindly to convey the congratulations of the Members to Lady Simpson.

Wishing you many years of enjoyment of the distinction conferred on you.

Yours sincerely,
W. ALEXANDER,
Vice-Chairman.

4th January, 1922.

TO WM. ALEXANDER, Esq. VICE CHAIRMAN,
CHAMBER OF COMMERCE.
Madras.

MY DEAR ALEXANDER,—I have just received your letter of yesterday and hasten to express my most grateful thanks to yourself and the Committee and the Members of the Chamber for your very kind expressions of congratulation. The honour is really more to the Chamber than for me, and that my fellow members should think me worthy of it, and that the Committee should express it as they have done, gives me more genuine satisfaction than the honour itself. To me it has been a pleasure to serve the Chamber, and my utmost endeavours will always be at the disposal of its members and the Mercantile community.

My wife desires me to thank the Members very much for their congratulations.

Yours sincerely,
JAS. F. SIMPSON.

MADRAS COMMERCIAL HOLIDAYS, 1922.

[*Abstract from G. O. No.* 1209, *Press, dated the* 9*th December*, 1921, *from the Government of Madras, Finance Department.*]

Under Section 25 of the Negotiable Instruments Act, 1881, His Excellency the Governor in Council has declared the following days to be Public Holidays in the year 1922 :—

New Year's Day.—Monday, the 2nd January.
Vaikunta Ekadasi.—Tuesday, the 10th January.
Pongal.—Friday and Saturday, the 13th and 14th January.
Mahasivaratri.—Friday, the 24th February.
Telugu New Year's Day.—Wednesday, the 29th March.
Tamil New Year's Day.—Thursday, the 13th April.
Easter.—Saturday and Monday, the 15th and 17th April.
Ramzan.—Monday, the 29th May.
King-Emperor's Birthday.—One day in June to be notified hereafter.
Bakr-id.—Friday, the 4th August.
Avaniavattam.—Monday, the 7th August.
Sri Jayanti—Thursday, the 17th August.
Vinayaka Chaturthi.—Saturday, the 26th August.
Mahalaya Amavasya.—Wednesday, the 20th September.
Solar Eclipse.—Thursday, the 21st September.
Ayuda Puja.—Friday, the 29th September.
Deepavali.—Thursday, the 19th October.
Bara Wafat.—Thursday, the 2nd November.
Christmas.—Tuesday, Wednesday, Friday and Saturday, the 26th, 27th, 29th and 30th December.

N. B.—The following Holidays are already legalised by the Negotiable Instruments Act:—New Year's Day, Good Friday and Christmas Day.

CHAMBER OF COMMERCE, *Madras*, 12*th Dec.*, 1921.

H. E. H. SLADEN,
Secretary.

THE CHAMBER'S FINANCES.

The Statement of Accounts for 1921 shows that the year opened with a credit balance of Rs. 5,653-8-3 with the Imperial Bank of India, Ltd., Madras, and closed with a balance of Rs. 2,299-6-3. In addition to this, the Imperial Bank holds to the credit of the Chamber 3½ per cent. Government Paper for Rs. 12,500, and 6 per cent. Government Bonds for Rs. 6,000, the latter having been purchased during the year, from the amount standing at credit of Current Account.

Receipts.—Comparing the principal items of receipts in 1921 with those in 1920, there was an increase of Rs. 512-8-0 in Subscriptions, Rs 101-7 0 in Publications, Rs. 1,101-14-6 in Arbitration and Survey Fees, Rs. 720-0-0 in Certificates of Origin and Rs. 68-0-0 in Reference fees, while there was a decrease of Rs. 700-0-0 in Entrance fees, Rs. 102-4-0 in Registration fees, and Rs. 12-0-0 in Inspection fees.

Disbursements.—Compared with 1920, the year under review shows an increased expenditure of Rs. 1,798-2-0 in Office Establishment, Rs. 166-0-5 in Office charges, Rs. 294-14-5 in Printing charges, and Rs. 621-14-6 in Arbitration and Survey charges, while there was a decrease of Rs. 325-0-0 in Law Expenses.

CHAMBER OF COMMERCE,
Madras, 10*th Jan.*, 1922.

H. E. H. SLADEN,
Secretary.

ANNUAL FINANCIAL STATEMENT OF THE CHAMBER OF COMMERCE, 1921.

	Rs.	A.	P.		Rs.	A.	P.	Rs.	A.	P.
By Balance on the 1st January, 1921	5,653	8	3	OFFICE ESTABLISHMENT.						
,, Subscriptions	16,235	0	0							
,, Publications	1,030	10	0	SECRETARIES.	Rs.	A.	P.			
,, Entrance Fees	300	0	0	Mr. O. Kershaw	2,740	0	0			
,, Arbitration and Survey Fees	1,536	14	6	,, H. E. H. Sladen	6,500	0	0			
,, Registration Fees	1,671	0	0	Staff	3,848	2	0			
,, Spare Copies	6	0	0					13,088	2	0
,, Indian Cotton Reports	70	5	0	OFFICE CHARGES:						
,, Inspection Fees	55	0	0							
,, Interest	403	6	4	Oriental Telephone Co.	200	0	0			
,, Certificates of Origin	1,402	8	0	Associated Chambers of Commerce ...	480	0	0			
,, Employers' Federation of S. India	2,400	0	0	Indian Cotton Committee Report ...	215	12	0			
,, St. George's Homes, Kodaikanal	11,600	0	0	Official Assignee (Preferential treatment						
,, Prince of Wales Reception Fund	10,000	0	0	for Government Claims on Insol-						
,, South Indian Nursing Association	5,000	0	0	vents Properties)	250	0	0			
,, Shorthand Writers' Association	500	0	0	Auditor's Fee	50	0	0			
,, Referenee Fees	100	0	0	Stationery	342	15	0			
,, Sugar Reports	30	0	0	Postage on Publications	72	7	9			
,, Pasteur Institute, Coonoor	900	0	0	,, Letters	97	9	6			
,, Madras Race Club	1,600	0	0	Receipt Stamps...	15	4	0			
				Telegrams	61	1	0			
				Stamp Papers for awards	75	8	0			
				Refund of Registration Fees	255	0	0			
				Advertising Charges	187	15	0			
				Travelling Expenses	320	15	0			
				Messrs. Binny & Co.	40	10	0			
				Sugar Report	30	0	0			
				Fort St. George Gazette	16	0	0			
				British Imperial Council of Commerce	32	4	0			
				Bulletin of the Imperial Institute ...	12	0	8			
				Sundries	497	15	0			
								3,253	4	2

Total Rs...	60,494	4	1

Office Rent	1,200	0	0
Printing Charges	1,899	9	2
Arbitration and Survey Charges	978	14	6
Legal Expenses	175	0	0
Shorthand Writers' Association	500	0	0
South Indian Nursing Association	5,000	0	0
H.R.H. the Prince of Wales Reception Fund	12,000	0	0
St. George's Homes	11,600	0	0
Purchase of Government Bonds	6,000	0	0
Madras Race Club	1,600	0	0
Pasteur Institute	900	0	0
Balance on the 31st December, 1921	2,299	6	3
Total Rs.	60,494	4	1

This is to certify that I have this day examined the Balance Sheet and have checked it with the Cash Book, Ledger, and Pass Book of the Madras Chamber of Commerce, and have found that it represents a true statement of the affairs of the Chamber as on the 31st December, 1921.

D. SCOTT BREMNER,
Auditor.

MADRAS, 27*th January*, 1922.

H. E. H. SLADEN,
Secretary.

RULES AND REGULATIONS
OF THE
MADRAS CHAMBER OF COMMERCE.

(*As Amended in April, 1920.*)

1. That the Madras Chamber of Commerce is formed with a view to watch over and protect the interests of Trade; to receive and collect information on all matters of mercantile interest bearing upon the removal of grievances and the promotion of the common good; to communicate with authorities and with individual parties thereupon; to receive references on matters of custom or usage in doubt or dispute, deciding on the same and recording the decision made for future reference; and to form by that and other means a code of practice whereby the transactions of business by all engaged in it may be simplified and facilitated.

2. That all merchants and other persons of British nationality engaged or interested in the general Trade, Commerce or Manufactures of the Madras Presidency be eligible as members; but persons of British nationality belonging to a foreign firm shall for the purpose of these rules be regarded as foreign and shall be eligible only for Associate Membership on the terms stated below. Any Assistant signing a Firm, or signing per procuration for a Firm, shall be eligible for election as a member. Members who, during their absence from Madras, pay the regular subscription may be represented in the Chamber by the holders of their Powers-of-Attorney, as Honorary Members, subject to ballot, provided that such representative is himself of British nationality and is not employed by an alien firm. But if the subscription has been dropped at any time during the absence of a member this privilege cannot be enjoyed until the subscription has been paid. Honorary Members elected under this Rule are entitled to vote and exercise all the privileges of ordinary members.

Merchants and other persons of alien nationality engaged or interested in the general Trade, Commerce or Manufactures of the Madras Presidency after being duly proposed and seconded may be elected as Associate Members of the Chamber on payment of a monthly subscription of Rs. 30, paid monthly. Associate Members elected under this Rule shall not be entitled to vote and exercise the privileges of ordinary members. They shall, however, be entitled to attend and speak, but not to vote, at any Ordinary Meeting of the Chamber and on the invitation of the Chairman or Vice-Chairman may attend under like conditions any Special Meeting of the Chamber or Ordinary or Special Meeting of the Committee.

The privileges accorded to an Associate Member may be withdrawn at any time by a majority of votes recorded at a Special General Meeting of the Chamber without any reason being assigned.

3. That persons desirous of joining the Chamber shall be proposed by one member and seconded by another and notice of same shall be entered in the ballot book. The names and designation of persons desirous of joining the Chamber with the names of proposers and seconders shall be advised to Members of the Chamber at least 7 clear days before the ballot takes place. The election shall be by ballot on such day as the Committee for the time being may appoint. Voting papers will be issued to members and the ballot-box placed in the Chamber's room from 10 A.M. to 5 P.M. of the appointed day but the time for voting shall, on days when the Meetings of the Chamber are held, be extended to such period of the Meeting as shall be determined by the Chairman thereof. A ballot will not be valid unless a minimum of 15 votes are recorded and one negative vote in five shall exclude from membership.

4. That voting by proxy be not allowed, nor by Members whose subscriptions shall be in arrear.

5. That the power of expulsion of Members be reserved to the Chamber, to be decided by ballot by a majority at a Special General Meeting convened for that purpose.

6. That the executive duties of the Chamber shall be conducted by the Chairman with the assistance of the Committee, and that all matters of importance be referred for the decision of the general body of subscribers, who shall be called together as often as is necessary by the Chairman, but not less frequently than once a month. Five to form a quorum.

7. That the Chairman shall on all occasions have a casting vote in addition to his own vote as a Member of the Chamber.

8. That every Member on election shall pay an entrance fee o Rs. 100, provided that Banks, Corporate Bodies and Mercantile firms may be represented on the Chamber by one or more Members, and shall be liable for an entrance fee of Rs. 100 once in ten years for each.

9. That the subscription of Members shall not exceed Rs. 300 per annum, payable quarterly in advance, subject to reduction from time to time in accordance with the state of the Chamber's finances. Absentees in Europe to pay no subscription. Members and Associate Members temporarily absent from Madras to pay Re. 1 per month.

10. That the price of all publications issued by the Chamber shall be doubled to those persons who are not represented on the Chamber, or who are not subscribing Members or Associate

Members, provided that firms whose representatives on the Chamber are all out of India may secure the continuance of its privileges by a subscription of Re. 1 per month

11. That if any Member or Associate Member allow his subscription to fall into arrear for more than one quarter without sufficient reason his name shall be expunged from the list of Members. Members who have retired may rejoin the Chamber without ballot or entrance fee.

12. That the funds be paid as realised into the Imperial Bank of India, and shall be available by cheques signed by the Chairman or, in his absence, by the Vice-Chairman, or in his absence by a Member of the Committee. The accounts shall be audited annually.

13. That the ordinary expenditure be at the discretion of the Chairman, and that extraordinary expenditure be made by him with the sanction of the Committee.

14. A Secretary shall be appointed by a majority of Members in such way as the Committee for the time being may direct; and it shall be the duty of such Secretary to keep the records and accounts of the Chamber, to collect subscriptions, to conduct correspondence, and to act generally under the directions of the Committee.

15. That an Annual General Meeting, at which representatives of the Press may be present, be held during the second week of December, or as near thereto as convenient, at which the Chairman for the following year shall be elected, the retiring Chairman becoming Vice-Chairman. In case of the Chairman's re-election, a new Vice-Chairman shall be elected. That votes recorded for Members as Chairman shall count for the Vice-Chairmanship, and votes recorded for Members as Chairman or Vice-Chairman shall count for the Committee should such Members not be elected as Chairman or Vice-Chairman. The Vice-Chairman shall conduct the duties of Chairman during the absence of the latter.

16. That at the Annual General Meeting a Committee of not less than five Members, the Chairman and Vice-Chairman being *ex-officio* Members, shall be elected to assist the Chairman in the disposal of the business of the Chamber. The representatives of the Chambers on the Legislative Council of the Governor of Madras shall also be *ex-officio* Members of the Committee during their term of office. Not more than one Member of a firm may serve on, or be voted for by the same voter for, the Committee. Any Member of the Committee who may leave India, except for Ceylon, shall be considered to have vacated his appointment.

17. That at the Annual General Meeting an Imports Sub-Committee, Exports Sub-Committee and a Skins and Hides Sub-Committee be elected, the Sub-Committees each to consist of not

less than three Members, and not more than one Member of a firm to serve on, or be voted for by the same voter for the same Sub-Committee. Any Member of the Sub-Committees who may leave India, except for Ceylon, shall be considered to have vacated his appointment, and an election to fill the vacancy so caused shall be conducted according to the Bye-Laws.

18. The Special General Meetings may be convened on the requisition of the Chairman or of any three Members of the Chamber, not being Members of the same firm, notice of the subject of discussion to be given in the requisition calling the Meeting.

19. That a minimum fee of Rs. 5 shall accompany all references to the Chamber.

20. That in the event of any Member or Associate Member of the Chamber taking the benefit of the Act for the Relief of Insolvent Debtors he shall thereby cease to be a Member or Associate Member of the Chamber, but will be eligible for re-election without the re-payment of the entrance donation.

21. That persons of distinguished position, Members of other Chambers of Commerce and kindred Associations, and Government and other officials interested in the General Trade, Commerce, or Manufactures of Madras, after being duly proposed and seconded, may be elected Honorary Members of the Chamber without payment of entrance donation, or subscription on election. Notice of same shall be entered in the Ballot Book and circulated among the Members, and the election shall be made by ballot at the first General Meeting of the Chamber held subsequent to the circulation of such notice, or at a Special General Meeting convened for the purpose, a majority of two-thirds of those voting at the Meeting being necessary to secure admission. Honorary Members elected under this Rule are not entitled to vote and exercise the privileges of Ordinary Members. They shall, however, be entitled to attend and speak, but not to vote, at any Ordinary Meeting of the Chamber and, on the invitation of the Chairman, or Vice-Chairman, may attend under like conditions any Special Meeting of the Chamber, or Ordinary or Special Meeting of the Committee.

22. That Mofussil Chambers of Commerce and any recognised Association or Corporate Body engaged in or interested in the General Trade, Commerce or Manufactures of the Madras Presidency be eligible as Members. Any such Chamber or Association so elected shall be entitled, in the person of its Chairman, or any of its individual Members, to exercise all the privileges of ordinary Members, and have the right of one vote. Any such Chamber or Association shall be considered as if it were an individual Member and shall pay the usual entrance fee, and the ordinary annual

subscription payable by an ordinary Member. Any Member of an affiliated Chamber or Association shall have the privilege of attending all meetings of the Chamber with a right of entering into the discussions, but one Member only of each affiliated Chamber or Association shall have power to vote.

BYE-LAWS.

For the Election of the Chairman, Vice-Chairman, Committee, Representatives of the Chamber on the Harbour Trust, and of the Chamber's Representatives on the Legislative Council.

1. The election shall be by ballot on such day as the Committee of the Chamber for the time being shall appoint.

2. The Secretary of the Chamber shall circulate among the Members the names of all the gentlemen who are eligible for election seven clear days before the election takes place.

3. Those Members eligible for election shall be partners in Firms, Agents or Managers of Banks, and other Corporate Bodies, and those who are Members in their own right.

4. The voting shall be by ballot, the voting papers being placed in the ballot-box, which shall be placed in the Chamber's room from 10 A. M. to 5 P. M. of the appointed day; but the time for voting shall, on days when Meetings of the Chamber are held, be extended to such period of the Meeting as shall be determined by the Chairman thereof.

5. The ballot-box shall be opened by the Chairman or, in his absence, by the Vice-Chairman, and the Secretary on the evening of the appointed day, or as soon after as possible, and the result of the ballot declared forthwith.

6. The gentleman who has received the largest number of votes shall be declared duly elected, but in the event of an equality of votes for two or more Members, the names of those Members shall be disclosed and a fresh ballot be held to decide election as between them.

7. In the event of a casual vacancy, the above course shall be followed in electing a Member to fill the vacancy.

8. In the election of the Chamber's second member on the Legislative Council to be known as the Mofussil Member, the Mofussil Chambers of Commerce which have become members of the Madras Chamber of Commerce shall alone take part. Every member of the said Mofussil Chambers shall be entitled to vote, and the said Mofussil Chambers shall from time to time furnish a list of their members to the Madras Chamber which list shall comprise the electoral roll. The Madras Chamber shall send the requisite number of voting papers to the Mofussil Chambers which will distribute the same to their members. These latter

will return the voting papers under sealed cover, direct to the Madras Chamber.

RULES FOR ELECTION TO THE CORPORATION.

Rules for the election of Councillors of the Corporation of Madras by the Madras Chamber of Commerce.

1. The three Councillors to be elected by the Chamber of Commerce under clause (*b*) of Sub-Section (1) of Section 5 of the the Madras City Municipal Act, 1919, shall be elected by the votes of the Members of the said Chamber of Commerce under the following rules.

2. The election shall be held on such day before the date on which the Governor in Council notifies that the appointments must be reported to the Government, as the Committee of the Chamber for the time being shall appoint, but not less than seven clear days' notice of the date of election shall be given.

3. The voting shall be by ballot; and the ballot-box shall be placed from 10 A.M. to 5 P.M. of the appointed day in the room in which the meetings of the Chamber are usually held; but if the appointed day is a day on which a meeting of the Chamber is held, the time for voting may be extended to such period of the meeting as the Chairman thereof shall determine.

4. The ballot-box shall be opened by the Chairman or, in his absence, the Vice-Chairman and the Secretary on the evening of the appointed day, or as soon after as possible, and the result of the ballot declared forthwith.

5. Each Member of the Chamber shall be entitled to vote for as many candidates as there are vacancies to be filled, but no Member shall be at liberty to give more than one vote to the same candidate. Any ballot paper on which votes are given for more candidates than there are persons to be appointed, or on which more than one vote is given to the same person, shall be invalid.

6. The candidates who have received the largest number of votes shall be declared duly elected; but in the event of there being an equality of votes in favour of more candidates than there are vacancies to be filled, a fresh ballot shall be taken between the said candidates for whom equal votes have been cast. If, on the second ballot, a tie is again declared, the Chairman shall have a casting or deciding vote.

7. The names of the candidates declared duly elected shall be forthwith reported to the Government for the publication of the election, if otherwise valid in the *Fort St. George Gazette.*

8. In the event of a casual vacancy, the above procedure shall be followed in electing a Member to fill the vacancy.

RULES FOR THE REGISTRATION OF TRADE MARKS.

(As amended in March, 1920.)

The following Rules for the registration of trade marks, tickets, etc., in its Trade Mark Register have been adopted by the Madras Chamber of Commerce :—

(1) That each firm represented on the Chamber shall pay an entrance fee of Rs. 10, and be entitled to register an unlimited number of tickets or marks.

(2) That non-members of the Chamber shall pay a fee of Rs. 10 for each application for registration, and that in the event of a ticket or mark not being accepted for registration the sum of Rs. 5 shall be refunded.

(3) That before any ticket or mark is registered it shall be circulated to all members of the Chamber resident in Madras, after which the Chamber at its next monthly meeting shall decide whether or no the tickets or mark shall be accepted for registration and no reason shall be assigned for that decision.

(4) That no trade mark or ticket shall be registered on behalf of an Indian firm trading under a European name.

(5) That registration is merely evidence of the date of registration by the Chamber and cannot secure any right which the parties registering have not at law.

(6) That the Register shall be open to the inspection of any person not a Member of the Chamber on payment of a fee of Re. 1.

DATE OF SHIPMENT.

The Chamber considered the question of what evidence should be accepted as to date of shipment, and at the General Meeting held on the 27th June, 1911, it was resolved that the following Clause—which had been recommended by the Manchester Chamber of Commerce for adoption by the Bombay Native Piece-Goods Merchants' Association—should be recommended to Members of this Chamber for incorporation in their contracts :—

Either Bill of Lading date, or the date of Manchester Ship Canal Co.'s Certificate, or (in the case of goods to be shipped from any Port other than Manchester) the date of Dock, Railway or Shipowners' Certificate of receipt for shipment, shall be conclusive evidence as to the date of shipment.

RULES FOR SURVEY REPORTS
ON
PIECE-GOODS AND YARNS.

(As revised in August, 1910.)

Whereas it has been represented to the Madras Chamber of Commerce (hereinafter called "the Chamber") that it is desirable to give Arbitration Awards and Survey Reports on piece-goods and yarns an official character, the following Rules have been passed by the Chamber for the attainment of that end:—

Rule I.—Certain gentlemen, who have been nominated and unanimously elected by an annual ballot held in January by the Committee of the Chamber, shall be appointed Arbitrators and/or Surveyors to the Chamber, but the Chamber reserves the right of cancelling the first and all future appointments by a majority of votes of the Committee of the Chamber by ballot.

ARBITRATIONS.

Rule II.—In every case where a dispute has arisen in relation to a contract which provides for a decision thereon by the Chamber or in relation to a contract in respect of which both parties thereto shall have subsequently agreed in writing to submit to such a decision, either party to such a contract may apply to the Secretary of the Chamber for the appointment of Arbitrators to adjudicate the dispute.

On receipt of such application, two Arbitrators shall be appointed in accordance with the following provisions.

Rule III.—The Imports Sub-Committee shall select the Arbitrators from the authorised list, and if the Arbitrators are unable to come to an unanimous decision the Imports Sub-Committee shall select an Umpire, either from the authorised list or otherwise, provided that no Arbitrator or Umpire shall be selected or shall adjudicate on a matter in which he or his employers are interested, and not more than one person from the same firm shall be appointed an Arbitrator or Umpire. If any Arbitrator or Umpire declines or fails to act, or if he dies or becomes incapable of acting, the Imports Sub-Committee may appoint a new Arbitrator or Umpire in his stead in like manner.

Rule IV.—The names of the Arbitrators or the Umpire shall not be made known to any persons whatever except as provided in Rules IX and XXI, but the Secretary's record of the Arbitrations shall be available for inspection by the Imports Sub-Committee and by the Chairman of the Chamber or in his absence from Madras by the Vice-Chairman.

Rule V.—The approved list of Arbitrators under these Rules shall be circulated annually, or whenever asked for, to all Members of the Chamber and shall be supplied to any party applying for the same.

Rule VI.—Before any arbitration shall be entertained a sum of Rs. 16 for each Arbitrator, Rs. 16 for an Umpire, and Rs. 16 for the Chamber for each contract in dispute and a sum of Rs. 5 to cover the stamp on the award under the Indian Stamp Act shall be paid to the Secretary. Fees not expended will be returned to the depositor.

In cases where neither of the parties to the application is a Member of the Chamber an additional fee of Rs. 25 shall be paid to the Secretary for the Chamber.

Rule VII.—The Arbitrators shall, through the Secretary, appoint a time for the hearing of the reference and within seven days of notice in that behalf the parties shall sign and submit to the Secretary a joint written statement or separate written statements in the form annexed hereto or as near thereto as circumstances will permit.

If separate statements are put in, the Imports Sub-Committee may at its discretion cause a copy of each statement, with or without accompanying enclosures or extracts therefrom, to be submitted to the opposing party for information, and remark if desired, before being placed before the Arbitrator or Arbitrators.

Rule VIII.—At the time appointed for the reference, the parties shall have ready at the rooms of the Chamber, or elsewhere as directed by the Secretary, the sale samples duly attested, and, if required, sample pieces or complete bales. Samples or bales so sent will be at sender's risk and must be accompanied by a peon in charge and by a cooper to open the packages.

Rule IX.—The Arbitrators or the Umpire shall have general authority to require from either of the parties such further written or verbal statements and explanations and other information, evidence and materials as they or he may deem expedient for determining the matter in difference, but shall not have the right to take the opinion or engage the assistance of Counsel, Attorneys or Vakils.

Rule X.—The Arbitrators or the Umpire shall proceed with the reference in the absence of any party who shall, after due notice

refuse or neglect to attend, or who shall have refused or neglected to sign and submit the written statement referred to in Rule VII without having previously satisfied the Arbitrators or Umpire that reasonable and sufficient excuse exists for such neglect or refusal.

Rule XI.—The Arbitrators or the Umpire in dealing with the reference shall have power to cancel the contract or direct the performance of the contract subject to an allowance, or grant such other relief as they or he may think fit, and shall direct by which party the costs of the Arbitration shall be paid, and shall as far as possible support their or his award by a statement of the reasons upon which the same may be founded.

Rule XII.—The insertion of a clause is recommended in all contracts made with dealers to the effect that, in the event of any dispute, the parties to the contract agree to abide by the decision of the Arbitrators or Umpire appointed by the Imports Sub-Committee of the Chamber under and in terms of its Rules for Arbitrations and Surveys as revised in 1909.

Rule XIII.—Neither party shall bring or prosecute any suit or proceeding whatever against the Arbitrators or Umpire for or in respect of the matters in dispute or any of them nor any suit or proceeding, save for the enforcement of the award against the other party.

Rule XIV.—The provisions of the Indian Arbitration Act and of the first Schedule thereto shall, in so far as the same are not inconsistent with these Rules, apply to all references hereunder provided always that in the third provision to the said first Schedule for the words "three months" shall be substituted the words "fourteen days" and in the fifth provision for the words "one month" shall be substituted the words "one week."

SURVEYS.

Rule XV.—Any person may apply to the Secretary of the Chamber for a Survey, and if the Imports Sub-Committee be of opinion that the application is one which should be entertained by the Chamber, it shall, subject to the proviso to Rule III appoint a Surveyor or Surveyors from the authorised list. In the event of no special number of Surveyors being asked for, only one shall be appointed.

Rule XVI.—The applicant for a Survey shall in his application clearly state the purpose for which the Survey is required.

Rule XVII.—Before any Survey shall be entertained, the applicant, if a Member of the Chamber, shall pay to the Secretary a fee of Rs. 16 for each Surveyor and Rs. 16 for the Chamber and if not a Member an additional fee of Rs. 25 for the Chamber.

GENERAL.

Rule XVIII.—All decisions shall be submitted in writing to the Secretary, who shall then, without disclosing the names of the Arbitrators, Umpire or Surveyors, communicate the result to the party or parties concerned.

Rule XIX.—A record of all Arbitrations and Surveys shall be kept in the office of the Chamber.

Rule XX.—The parties to an Arbitration, or either of them, or if either of them should be dead their respective personal representatives requiring the same, or the applicant for a Survey, shall, on application, be entitled to receive from the Secretary of the Chamber a certified copy of the Award or Survey Report under his signature. For each copy of such certificate a fee of Rs. 3-8 shall be payable to the Chamber.

Rule XXI.—Should parties to an Aribtration or the applicant for a Survey require the attendance of Arbitrators, Umpire or Surveyors in a suit or other legal proceeding in which an Award or Survey Report of the Chamber is to be produced in evidence, the Secretary of the Chamber is authorised to give the names of such Arbitrators, Umpire or Surveyors upon receipt of a requisition by either party stating that it is for that purpose only that the information is desired.

GENERAL ARBITRATION AND SURVEY RULES.

(As approved in 1910.)

Whereas it is desirable to receive references from, to arbitrate between, or to hold Surveys for, parties willing to abide by the judgement and decision of the Chamber of Commerce, it has been decided by the Committee of the Chamber, and the decision has been approved and made operative by a General Meeting of the Members, that the subjoined shall be the Rules to be observed and followed in all cases of disputes when the assistance of the Chamber shall be invoked, except such as relate to piece-goods and yarns which have been separately provided for.

1. For the purpose of giving effect to the above the Committee of the Chamber of Commerce shall either appoint such

Arbitrator or Arbitrators, Surveyor or Surveyors, as they shall think fit, or appoint a Sub-Committee of three persons, one of whom at least shall be a Member of the Committee of the Chamber to consider and decide the reference.

If two Arbitrators or Surveyors are appointed and disagree, the Committee of the Chamber of Commerce shall appoint an Umpire, whose decision shall be final.

2. The questions to be referred to the Committee of the Chamber of Commerce under these Rules shall be such as relate to mercantile transactions generally, excluding those connected with piece-goods and yarns, as noted in the preamble.

3. In case of applications to the Committee of the Chamber of Commerce for a decision in any dispute, the Committee shall select gentlemen to deal with and decide the reference.

4. Every application shall state that the parties concerned will accept and abide by the decision of the Chamber.

5. When a gentleman who may be appointed an Arbitrator, or Surveyor, is directly or indirectly interested in any matter referred to him by the Chamber he shall notify his inability to act, and in such case a fresh appointment shall be made forthwith.

6. In case of Arbitration, the Arbitrator shall, through the Secretary, appoint a time for the hearing of the reference and within seven days of notice in that behalf the parties shall sign and submit to the Secretary a joint written statement or separate written statements in the form annexed hereto or as near thereto as circumstances will permit.

If separate statements are put in, the Committee may at its discretion cause a copy of each statement, with or without accompanying enclosures or extracts therefrom, to be submitted to the opposing party for information, and remark if desired, before being placed before the Arbitrator.

7. The decision of the Umpire shall be the decision of the Arbitration or Survey; such decision need not necessarily coincide with the opinion of either of the Arbitrators or Surveyors.

8. All decisions by Arbitrators, or Surveyors, under these Rules shall be submitted in writing to the Committee of the Chamber of Commerce, which shall cause the same to be communicated to the parties concerned.

Each decision, so far as may be possible, shall be supported by a statement of the reasons upon which it is based.

9. Arbitrators or Surveyors shall have the right to call for such evidence as they may deem necessary, but shall not have the right to take the opinion or assistance of Attorneys or Council.

10. When a matter shall have been referred to a Sub-Committee, the decision of the majority of such Sub-Committee shall be final.

Such Sub-Committee shall, for the purpose of the reference made to it, be deemed to represent the Committee of the Chamber of Commerce, and to exercise, for such purpose only, the full authority of such Committee.

11. All decisions of Sub-Committees shall be in writing; shall, so far as may be possible, recapitulate the reasons on which they are founded; shall be signed by the Chairman of such Sub-Committee, and shall, under the direction of the Sub-Committee, be communicated to the parties by the Secretary to the Chamber of Commerce, who, under these Rules, shall act as Secretary to all Sub-Committees.

12. Sub-Committees shall have the right to take such evidence as they may deem necessary, and shall also have power to call for the opinion or assistance of Attorneys or Counsel, provided that the disputants have previously agreed to this course being followed, and have further agreed to bear the expense thereof.

13. Before any application for Arbitration or Survey shall be entertained, both parties shall make such deposit with the Secretary as may be directed by the Committee of the Chamber of Commerce.

The Committee of the Chamber of Commerce shall fix the fees for each Arbitration or Survey.

14. The Arbitrators or Surveyors shall state in their Report by whom and in what proportion if any, the fees and expenses shall be paid.

Deposits not affected by this Rule will be returned.

15. In cases where neither of the parties to the reference is a Member of the Chamber of Commerce, the fees payable shall be double those payable by Members of the Chamber, and such enhanced fees shall be divided equally between the Arbitrators, Surveyors, or Umpire, and the Chamber of Commerce.

16. A record of all Arbitrations and Surveys and all decisions by Sub-Committees shall be kept at the office of the Chamber of Commerce.

17. Arbitrators, Surveyors and Sub-Committees shall, at all times, before giving their decision, be at liberty to take the opinion of the Committee of the Chamber of Commerce on any point or points which may arise.

MADRAS TONNAGE SCHEDULE.

SANCTIONED BY THE MADRAS CHAMBER OF COMMERCE.

Articles.	To the Ton.	
Aloes in bags	20	cwt.
Do. in boxes	20	,,
Alum	20	,,
Aniseed	8	,,
Arrowroot, in cases	50	feet.
Asafœtida, in bags	20	cwt.
Do. in boxes	20	,,
Apparel	50	feet.
Bark, in bags	8	cwt.
Barilla	20	,,
Bees' Wax	20	,,
Betel-nut	18	,,
Books	50	feet.
Borax or Tincal	20	cwt.
Do. in cases	50	feet.
Brimstone	20	cwt.
Bullion	At per cent.	
Cake Lac, in bags	16	cwt.
Camphor, in cases	50	feet.
Cardamoms, in robbins	8	cwt.
Do. in boxes	50	feet.
Do. in bags	10	cwt.
Cassia, all sorts	50	feet.
Castor Seed	15	cwt.
Chillies, in bags	12	,,
Do. in robbins	14	,,
Chinaroot, in bags	11	,,
Do. in boxes	50	feet.
Chiretta	50	,,
Cigars	50	,,
Cloves, in bags	8	cwt.
Do. in chests	50	feet.
Coals	20	cwt.
Cochineal	50	feet.
Coffee, in bags	18	cwt.
Do. in robbins & casks	16	,,
Do. in cases	17	,,
Coir, Y. & Fibre, screwed bls.	50	feet.
Do. in bds. & dhls.	10	cwt.
Copra, in bags	12	,,
Coriander seed	12	,,
Cotton, in bales	50	feet.
Do. Piece-goods	50	,,
Cowries	20	cwt.
Cutch, in bags	7	,,
Dates, wet	20	cwt.
Do. dry	16	,,
Dholl	20	,,
Elephants' Teeth, in bulk.	16	,,
Do. in cases.	50	,,
Fenugarick Seeds	16	,,
Furniture	50	feet.
Garlic and Onions	12	cwt.
Ginger, in bags or bales	12	,,
Do. in cases	50	feet.
Gingelly Seed	17	cwt.
Gram	20	,,
Ground Nuts, in shell	12	,,
Do. shelled	16	,,
Gums, cas., not enumerated	50	feet.
Gunny Bags	50	,,
Do. Cloth	50	,,
Gunjah	50	,,
Hemp, in bales	50	,,
Hides	50	,,
Hoofs, Horn Shavings, and Tips	20	cwt.
Horns, Cow and Buffalo	20	,,
Do. Deer	16	,,
Indigo	50	feet.
Jute, in bales	50	,,
Lac Dye	50	,,
Lard	50	,,
Linseed	18	cwt.
Mace, in cases	50	feet.
Machinery	20	cwt.
Metals	20	,,
Myrabolams	17	,,
Molasses	20	,,
Mother o'pearl, in bags	20	,,
Do. in chests.	20	,,
Munjeet	50	feet.
Mustard seed	18	cwt.
Niger seed	17	,,
Nutmegs, in chests	50	feet.
NuxVomica, in bags or cas.	16	cwt.
Oats	12	,,
Oil, in cases	20	,,
Do. in casks	210 Imp.	gals.
Olibanum	18	cwt.

Articles	To the Ton.	Articles.	To the Ton.
Paddy, in bags ...	... 15 cwt.	Seed Lac, in bags ...	... 16 cwt.
Peas	... 20 „	Senna, in bales ...	... 50 feet.
Pepper, in bags ...	... 16 „	Sarsaparilla	... 50 „
Planks and Deals ...	... 50 feet.	Shells, rough, in bags	... 50 cwt.
Poonac	... 20 cwt.	Shell Lac, in cases ...	... 50 feet.
Poppy seed	... 15 „	Do. in bags ...	... 16 cwt.
Rutchuck	... 10 „	Silk Piece-Goods ...	... 50 feet.
Rape seed	... 18 „	Skins	... 50 „
Raw Silk, in bales ...	... 10 „	Soap, country, in cases	... 50 „
Rattans	... 20 „	Do in bags	... 15 cwt.
Redwood (for Dunnage)	... 20 „	Do. in bars	... 20 „
Rhea, in bales ...	... 50 feet.	Stick Lac, in cases ...	... 50 feet
Rice, in bags ...	... 20 cwt.	Do. in bags ...	... 16 cwt.
Roping, in coils ...	... 50 feet.	Sugar, including Jaggery, in bags	... 20 „
Do. lines and twines, in bundles ...	... 14 cwt.	Tallow, cases or casks	... 20 „
Do. Coir, in coils	... 10 „	Talc	... 20 „
Rum, in casks ...	210 Imp. gals.	Tamarind, in cas. or casks...	20 „
Safflour, in bales ...	... 50 feet.	Tapioca	... 50 feet.
Sago, in cases ...	... 50 „	Tea, in chests ...	... 50 „
Sal Ammoniac, in bags	... 15 cwt.	Timber	... 50 „
Do. in cases	... 50 feet	Tobacco, in bales ...	... 50 „
Saltpetre	... 20 cwt.	Tortoise shell, in chests	... 50 „
Salt	... 20 „	Turmeric, in bags ...	... 14 cwt.
Sapan Wood	... 20 „	Wheat	... 20 „
Sharks' Fins	... 16 „	Wool, in bales ...	... 50 feet.
Sealing Wax, in cases	... 50 feet	All other articles not enumerated, in bales or cases	50 „
Seed Lac, in cases ...	... 50 „		

Rule.—The articles mentioned in the margin are to be measured before shipment, at the Press, Godown, or on the Beach, at the option of the shipper, and the measurement is to be entered on the face of the Bill of Lading. In measuring, the callipers are to take in the rope, or iron hoop, on one side of the bale, and leave it out on the other. Half inches are to be given and taken alternately. Ten bales per cent., as a maximum, are to be measured, moiety to be chosen by the shipper and moiety by the ship; and, in the event of any dispute arising, the bales are to be measured by a Surveyor to be appointed by the Chamber of Commerce. The Surveyor's decision to be final, and his fee to be Rs. 5, one-half to be borne by each party. All other goods to be measured at the port of discharge.

Coir in bales, Cotton, Gunjah, Hemp, Jute, Munjeet, Senna Leaf, Wool, and Sarsaparilla.

SUNDAYS AND CHARTER-PARTY HOLIDAYS IN RELATION TO MERCANTILE CONTRACTS.

The following Ruling was adopted at a General Meeting of the Madras Chamber of Commerce held on the 29th April, 1902:—

Goods falling due for delivery on a Sunday, or on a Charter-Party and Shipping Holiday, must be delivered on the day previous to the Sunday or the Charter-Party and Shipping Holiday, as the case may be.

RATES OF AGENCY AND COMMISSION.

As revised by the Chamber of Commerce, and recommended for general approval and adoption.)

	Per Cent.
On the total amount of payments and receipts of an account, excepting sums on which a higher Commission has been previously charged, and sums paid for Bills of Exchange on England drawn by the Agent ...	Half.
On purchasing and selling Bills of Exchange ...	One.
On Subscription to Government loans, purchasing, selling, transferring, or exchanging Public Securities and Bank Shares ...	Quarter.
On obtaining enfacement of Government Promissory Notes	One-Eighth.
On delivering up Public Securities or lodging them in any of the Public Offices	Quarter.
On negotiating or renewing loan or cash credit at the Imperial Bank of India, or elsewhere ...	Half.
On receiving and delivering Private Commissions of Goods and Merchandise	Two & a Half.
On charge of House Property and collection of Rents	Five.
On letters of credit granted	One.
On the management of Estates for Executors or Administrators, or on becoming Security for Administrators	Two & a Half.
On debts, when process of Law or Arbitration is necessary	do.
If recovered by such means	Five.
On Bills of Exchange, Notes, etc., dishonoured ...	One.
On overdue debts collected	Two & a Half.
On all sales or purchases of Goods	Five.
With the following exceptions :—	
On Houses, Lands, and Ships	Two & a Half.
On Diamonds, Pearls, and Jewellery ...	do.
On Treasure and Bullion	One.

On all Goods and Merchandise withdrawn, shipped or delivered to order. On all other descriptions of property for sale, if withdrawn or otherwise disposed of by the owners. On goods transferred to Auction or Commission Salesmen.	Half Commission.
On investing Proceeds of Sales in goods ...	Two & a Half.
On guaranteeing Sales, Bills, Bonds, Contracts for goods, or other engagements	do.
On Ship's disbursements	do.
On Ship's disbursements when no outward Commission on Freight or Passage Money is earned	Five.
On Chartering Ships or engaging Tonnage for other Parties	Two & a Half.
On the amount of Freight or Passage Money earned by Ships, by charter or otherwise, whether the same shall pass through the Agent's hand or not	Five.
When the Commission of 2½ per cent. on the Inward Freight paid, at Home or in Madras, does not in the case of Steamers *via* the Suez Canal exceed Rs. 100, then that sum shall be charged.	
On effecting Insurance, whether on lives or property	Half.
On settling Insurance claims, losses and averages of all class, whether on lives or property and on recoveries of returns of premium	Two & a Half.
On negotiating Bottomry or Respondentia Bond	do.
On attending the delivery of Contract Goods ...	Two.
On receiving Passage Money by Ships entered inwards	One.
On realising Freights	Two & a Half.
On arranging and superintending the transhipment of Cargo, on the Amount of Freight so re-engaged	Five.
On the management of Vessels chartered elsewhere for the conveyance of Coolies or Troops, on account of Passage Money ...	Two & a Half.
For acting in the capacity of Trustee, on the income of the Trust Fund	do.

On landing and re-shipping Goods from any Vessel in distress, or on landing and selling by auction damaged Goods from any such Vessel, and acting as Agent for the Master on behalf of all concerned, on the declared value of all such Goods as may be re-shipped, and on the net proceeds of all such Goods as may be publicly sold ... Two & a Half.

That brokerage at the rate of ½ (half) per cent. be an accepted charge on all freight.

[*Additions on the* 1st *January*, 1877.]

When the freight is payable in sterling the Commission shall be calculated on the sterling amount at the following rates for Bank Bills, *viz.*, at the rate for six months' sight Bank Bills, when the freight is by Sailing Ships, and at the rate for three months' sight Bank Bills, when by Steamer.

On Ships' leaving the Port in ballast, which have been consigned inward, upon the English net registered tonnage, 6 annas per ton.

On Steamers leaving the Port in ballast, which have been consigned inward, upon the English net registered tonnage, 8 annas per ton.

On Ships leaving the Port in ballast, which have been consigned inward and outward, upon the English net registered tonnage, 12 annas per ton.

On Steamers leaving the Port in ballast, which have been consigned inward and outward, upon the English net registered tonnage, Rupee 1 per ton.

When the amount on which Commission is payable is stated in Rupees, the Commission shall be calculated in that currency, and when in sterling, at the rate provided for under the Rule which fixes the rate "on procuring freight."

With respect to a Steamer or Sailing Vessel partially discharged which does not return to this port for cargo on her homeward voyage, the rate shall be 8 annas a ton on every ton discharged, provided the total amount exceeds Rs. 100, failing which Rs. 100 shall be charged.

The conversion into Indian currency of sterling freight payable in Madras shall, unless otherwise stipulated, be made at the rate for Bank Bills on London payable on demand; and the rate ruling at the close of a Mail shall be the rate applicable to such purpose during the subsequent week.

[*Addition on the* 1st *January*, 1881.]

Brokerage on a forward contract shall be payable on the completion of the transaction.

NON WEATHER-WORKING LAY DAYS IN MADRAS.

The following Rule defining non weather-working lay days in Madras was adopted at the General Monthly Meeting of the Madras Chamber of Commerce held on the 26th July, 1910 :—

"During inclement weather, the Committee of the Madras Chamber of Commerce, in consultation with the Port Officer, will decide as to what may or may not be considered a weather-working day.

N.B.—The procedure under this Rule is to be as follows:—

" Whenthe parties interested cannot agree as to whether a day is a weather-working day or not, the matter shall be represented on the same day to the Committee of the Chamber of Commerce, and if the Committee and the Port Officer agree that, by reason of inclement weather, the day should be declared a non weather-working day, the Committee shall forthwith declare it to be so, and place it on record for further reference if necessary."

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